

Annual Report

Codensa
Annual Report and
Financial Statements

2013

codensa

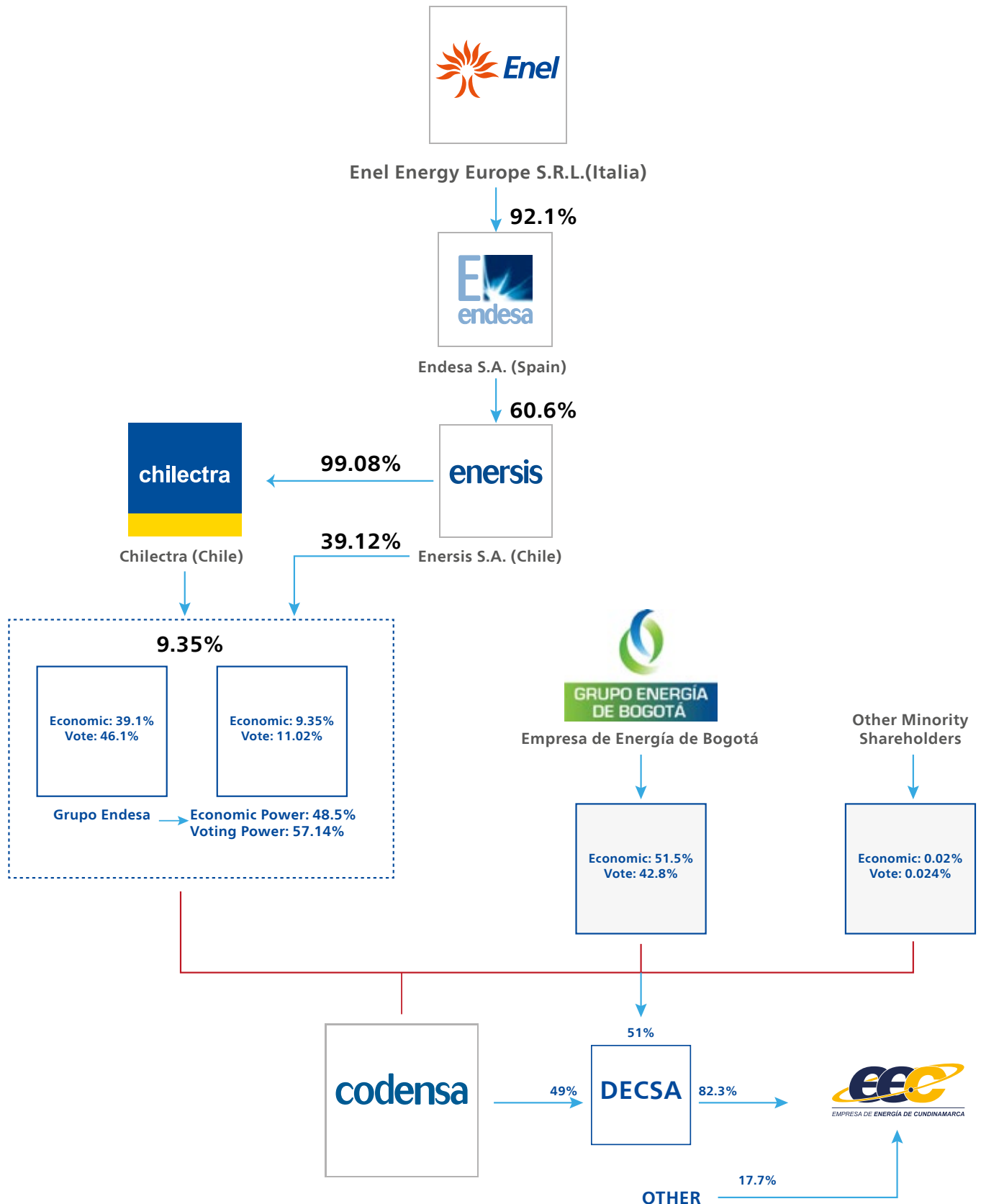
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Company Name:	CODENSA S.A. E.S.P.
Type of entity:	PRIVATELY HELD LIMITED-LIABILITY COMPANY - RESIDENTIAL PUBLIC UTILITY COMPANY
RUT (Tax ID):	830,037,248-0
Address:	Carrera 13A # 93-66 Bogotá, Colombia
Telephone:	(571) 601 6060
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Website:	www.codensa.com.co
E-mail:	contactenos@codensa.com.co
Independent Auditors:	ERNST & YOUNG
Financial Superintendence Posting:	26139
Capital subscribed and paid:	\$ 13,209,327,400

Ownership Structure

Sound and Reliable Controlling Group



BOARD OF DIRECTORS

Chairman: José Antonio Vargas Lleras

Primary member	Alternate member
Cristian Fierro Montes	Gustavo Adolfo Gómez Cerón
José Antonio Vargas Lleras	Leonardo López Vergara
Lucio Rubio Díaz	David Felipe Acosta Correa
Sandra Stella Fonseca Arenas	Ernesto Moreno Restrepo
Ricardo Roa Barragán	Álvaro Macías Torres
Ricardo Bonilla González	José Alejandro Herrera Lozano
Orlando José Cabrales Martínez	Antonio Isa Sedan Murra

Management

Chief Executive Officer	David Felipe Acosta Correa
Technical Manager	Gustavo Adolfo Gómez Cerón
Commercial Manager	Jaime Alberto Vargas Barrera
Administration, Finances, and Control Manager	Aurelio Ricardo Bustilho de Oliveira
Audit Manager	Mauricio Carvajal García
External Relations Manager	María Celina Restrepo Santamaría
Legal and Corporate Affairs Manager	Andrés Caldas Rico
Human Resources and Organizational Manager	Rafael Carbonell Blanco
Environment and Regulations Manager	Omar Serrano Rueda
Business Development Manager	Diana Marcela Jiménez Rodríguez
Supply Manager	Raúl Gonzalo Puentes Barrera
Telecommunications and Systems Manager	Ana Patricia Delgado Meza
Equity and General Services Manager	Ana Lucía Moreno Moreno
Occupational Health and Safety Manager for Colombia	Robert Camilo Torres Vega

Corporate Purpose

“The Company’s main purpose is to distribute and sell electricity, as well as to execute all activities that are associated, connected, complementary, and related to the distribution and sale of energy, the execution of projects, designs, and consulting on electrical engineering and the sale of products that benefit their clients. The Company may also carry out other activities related to the provision of public utilities in general, manage and operate other Public Utility Companies, sign and execute special management contracts with other Public Utility Companies, and sell or provide goods and services to other economic operators within or outside of the country associated with these public services. It may also participate as a partner or shareholder in other public utility companies directly or in associating with other individuals, or by forming a consortium. In developing the previously mentioned main purpose, the Company may promote and found establishments or agencies in Colombia or abroad; acquire all types of movable or immovable property in any capacity, rent them, transfer them, mortgage them, and use them as collateral; assume any form of business collaboration or association with individuals or companies in order to undertake activities that are related, connected, and complementary to the corporate purpose; make use of brands, company names, patents, inventions, or any other intangible asset as long as it is in line with the principal purpose; transfer, accept, endorse, cash, and pay all types of securities, negotiable instruments, shares, execution order, and others; participate in public and private tenders; give or receive donations from their shareholders, parent company, subsidiaries, and third parties; sign insurance, transport, and joint account contracts, and contracts with other banking and/or financial entities.”

Letter to Shareholders

Dear Shareholders,

We are pleased to present the Company's results and the most important management events of 2013.

With regard to the macroeconomic environment relating to the electricity industry, it is important to point out that in 2013 Colombia began to see a deceleration in Gross Domestic Product (GDP) growth. This began to show in the last two quarters of 2012, although the year ended on a positive growth trend. While the Colombian economy had been growing at rates of 5.9% and 4.9% in the first and second quarters of 2012, the deceleration was reflected in growth rates of 2.8% and 3.3% in the third and fourth quarters of the same year. The growth rate hit its lowest point in the first quarter of 2013 (2.6%). Since then, the local economy's performance has been improving, with growth rates of 3.9% and 5.1% in the second and third quarter of 2013. The latter was above the expectations of most economic analysts in the country.

In the last quarter of 2013, although official data is not available, the Colombian economy is expected to have continued on the path of strong performance. Therefore, the technical team at the Central Bank of Colombia has not changed its estimated growth range for 2013, being between 3.5% and 4.5%, with a figure of 4.1% being the most likely. Unlike the conditions that lead to the strong Colombian economic performance in the last quarters of 2012 and the first months of 2013 marked by circumstantial restrictions on investments in civil works and construction, as well as uncertainty and weakening in the performance of the main economies of the developed world, in the second semester of 2013 a change in these conditions occurred which provides greater optimism regarding our macroeconomic environment. Firstly, it is important to note that since the second semester of 2013, the performance of the Colombian economy has been accompanied by greater activity in the construction sector (a sector which grew to a historic rate of 21.3% in the third quarter of 2013), as well as the positive growth rates in public spending and consumption in Colombian homes. Moreover, there have also been clear signs that the US and Eurozone economies are slowly recovering.

Nevertheless, it is necessary to follow Colombia's industrial recovery with expectations, which has not occurred. In the third quarter, the only sector that presented negative figures was this segment of the economy with a growth rate of -1%. Amassed as of August, the industrial sector showed an annual drop of 3.8%, with a drop of 2.8% between January and August when compared with the same period the previous year. Financial analysts explain the negative growth in the industry, which was greater in August, as a result of the reduced exportation capacity that it has had throughout the year, which especially affected low-tech manufactured products.

The good news regarding positive Colombian GDP performance in the second semester of 2013, as well as positive outlooks for 2014, are also fed by other significant events of 2013. One such event is that in October unemployment dropped to 7.8%, the lowest since the National Bureau of Statistics (DANE) began recording this indicator monthly. With inflation as low as 1.94% at the close of 2013, it is a clear sign of the responsible macroeconomic management by our authorities on the subject.

In terms of the demand for electricity, in 2013 Colombia showed 2.8% growth compared to 2012, largely explained by the increase in electricity demands for construction (12.6%) whose own growth is explained by the greater activity in this sector of the national economy, which showed 21.3% GDP growth in the third quarter of 2013. In contrast, the energy demand in the area serviced by CODENSA reported an increase of 1.05%, being a lesser value than the 1.32% posted in 2012. This is due to the decrease in regulated demand and tolls in which the industrial sector has a majority market share, a sector which reported a 1.24% decrease in 2012.

At the close of this period, the Company served 2,686,896 customers, being 3.83% more than 2012, and a figure that includes the incorporation of 103,000 new energy provision points or clients to our system. During this fiscal year, 8,010 GWh were sold, this representing a 0.92% growth in energy provision when compared with the same period of the previous year.

In terms of tolls for transporting energy, 5,332 GWh were invoiced, being an 8.59% positive variance from the 2012 figures.

The Company continued to execute its Market Discipline Program with relevant progress. The loss index of the distribution area served by CODENSA closed December 2013 at 7.03%, a new historical record for reduction that evidences the efficiency of the program as well as of the various innovation and efficiency plans implemented.

With the planned execution of investment projects and grid optimization and maintenance plans, each day customers receive a provision of service with improved quality and reliability, achieving compliance with the regulatory objectives laid out for 2013, maximizing incentives for regulatory AOM and service continuity improvement, and minimizing compensation to under-served users. These actions represent incentives revenue of \$ 2,298 million for the Company.

Executing 109% of the initial plan, investments carried out during 2013 reached \$ 280,634 million and mainly focused on HV and MV Service Quality and Standardization projects, the Level II MV Quality Plan, and increased investment for the execution of High Voltage Capacity Increase projects with the goal of guaranteeing grid reliability in the central region of the country.

As a result of Company investments, on November 30, 2013 the 25 Mvarh at 115 kV capacitive compensation units successfully entered into operation at the Ubaté substation within the term established. With this development, CODENSA will guarantee the provision of voltage support and reactive power that the 115 kV distribution system for the Bogotá - Sabana Norte zone requires. This will help in the event future voltage stability problems in a normal state and in contingency, reducing the risk of a shortage of demand or a voltage collapse in the Bogotá area from unexpected contingencies in the Regional Transmission System (RTS) or the National Transmission System (NTS).

The Company, in its constant search to improve operational capacity, put its new Control Center into operation in March. Being one of the most modern centers in Colombia and Latin America, the total investment was USD 28 million, which will allow the grid to be structured with, and operate on new technology, providing important benefits for large-scale contingency system operations and the daily operation of planned and unplanned events.

In terms of results, it is satisfying to note that revenue reached \$ 3.2 trillion, represented by \$ 3.0 trillion in the energy services sales and \$ 0.2 trillion in sales from related services. Revenue grew 2.2% compared with the same figure from the previous year.

Sales costs also increased to \$ 2.2 trillion, showing an increase of 1.81% from the previous year.

With respect to management expenses, an increase of 5.75% was reported, mainly increased by updated salaries, increased depreciation and amortization expenses, as well as the allocation for inventory provisioning.

In 2013 CODENSA generated an EBITDA of \$ 1.1 trillion, 1.76% greater than that produced in 2012, and equivalent to a 34.5% margin over revenues.

The Company's 2013 net profit was \$ 535,911 million, reporting an increase of 4.88% compared to the previous year mainly due to an increase in energy sales of 0.92%, a 8.59% increase in energy distributed through tolls in comparison with 2012, the decreased cost of borrowing from bonds redeemed in 2013, and low inflation, the indicator to which the total Company debt is indexed. With the 2013 results, CODENSA achieved 9.69% profitability on total assets and 17.02% on total equity.

In 2013, dividends were decreed corresponding to 2012 profits for a value of \$ 510,992 million. In January and February of 2013, a total of \$ 113,449 million decreed dividends were paid from 2011 profit. In July, October, November, and December, a sum of \$ 383,245 million was paid, corresponding to 75% of the dividends decreed over the 2012 period. The remaining balance will be paid during the first quarter of 2014.

In February, CODENSA met maturities of \$ 80,000 million from its first bond issuance structured in February 2012 with its own resources.

Financial debt as of December 31, 2013 was \$ 1.24 trillion, represented by bonds issued on the domestic market. For example, in order to show our Company's level of debt, it should be pointed out that total Assets at the close of 2013 amounted to \$ 5.52 trillion.

On November 15, Second Round bond placement was successfully carried out under the Company Bond Program through dutch auction on the Colombian Securities Exchange. Requests were received for \$ 1,065 trillion, equivalent to 3.9 times the offered amount of \$ 275,000 million. On November 18, an additional sum of \$ 100,000 million was issued through the firm demand mechanism at the same rates as the second round, receiving demand for \$ 529,000 million (5.3 times the amount offered). The total award value was \$ 375,000 million, \$ 181,660 million at CPI rate + 3.92% APR with maturity in 5 years, the second valued \$ 193,340 million with a CPI rate + 4.80% APR. maturing in 2025. These resources were meant to partially meet the Company's maturing debt of \$ 411,000 million corresponding to bonds maturing on December 11, 2013, and \$ 250,000 million in bonds maturing on March 11, 2014.

All Company bond issuances in effect, as well as the corporate debt, have a AAA rating issued by Fitch Ratings Colombia S.A. S.C.V., which is the highest credit rating and denotes practically inexistent factors of risk. This rating reflects the Company's solid competitive position, the low risk business profile, strong credit-protection metrics, and its high liquidity.

In agreement with the Company's reputation in the financial market, in August 2013, CODENSA received IR (Investor Relations) recognition from the Colombian Securities Exchange (BVC) for voluntarily improving its management models for information disclosure and investor relations beyond local legal requirements, and for making quarterly and yearly information available to investors in English and Spanish on the companies' websites. CODENSA was one of five fixed income issuers recognized with this distinction, among a group of 29 issuers awarded.

In addition, the technical consulting contract with the Empresa de Energía de Cundinamarca (EEC) that began in 2009 continued in 2013, with positive results among which we highlight the 4.72% EBITDA growth with respect to 2012, a reduction in losses from 12.34% in 2012 to 10.99% in 2013, and a 1.60% growth in investment over the previous year.

A particular mention is given to the improvement in service quality indicators such as the SAIDI which improved 11.4% in comparison with 2012, this due to the continuity of preventative maintenance focused on circuit sectors which has most effected the indicator over the course of 2012 and 2013.

Over the period of 2009-2013, the EEC invested in renovations focused on municipal centers and the critical sectors of the 34.5 kV and 13.2 kV circuits, and periodic renovations of some Low Voltage grid distribution centers with a significant number of customers.

These positive indicators are a reflection of the technical support provided by CODENSA during the last 4 years as certified by Fitch Ratings in their most recent rating, awarding AA+ for long-term debt and F1+ for short-term debt, where it is established that this rating was achieved thanks to the technical assistance provided by the Company.

The most relevant news on the subject of regulatory management for the Company's activities is the discussion of the basis of the study to determine the remuneration methodology for the next tax period, in addition management remuneration from the investment made into Regional Transmission System last year.

The CREG Resolution 043 of 2013 was established, which determined the basis of the remuneration methodology. In general, the setting of competitive rates, efficient costs, improved service quality, reliable provisions, and sustainable companies were proposed. To this end, the Energy and Gas Regulatory Commission (CREG) will review the application of these variables to calculate the WACC, construction Unit Inventories and costs, and the current quality system, among others.

Moreover, the CREG issued different resolutions approving compensation for providing power and allowing for the new Florida Substation and la Guaca and Tunal Substations reserve transformers to join the system for a total of \$ 16,227 million as of December, 2012. Compensation for the fifth Torca transformer bank, and the updated compensation value considering the retirement of Substation Centro Urbano assets was valued at \$ 940 million as of December 2012.

CODENSA continued to reinforce its policy of open, frank, and timely communication with its various stakeholders in order to continue establishing itself as a reliable and efficient source of information.

As part of the Company's commitment to its customers, different projects and activities were carried out which looked to strengthen the culture of customer service, among which the following can be highlighted:

- ISO 9001:2008 Quality Certification issued by Bureau Veritas in the macro-processes of: Business Development, Commercialization and Sales, Energy Management on the Wholesale Market, Grid Operation, and Grid Maintenance.
- Start-up of two 25-MVAR capacitive compensation banks with 115 kV harmonic filters at the Ubaté Substation. The timely operational startup of these assets ensured that maximum demand was met in 2013, and is a sign of our Company's commitment to respond to risk mitigation measures established for Colombia's electricity sector in 2013 and 2014.
- Renovation of the Chapinero and Soacha Service Centers, which bring the number of completed point renovations to six when counted with Madrid, Suba, San Diego, and Venecia.
- The launching of On-site Invoicing, a project that has optimized invoicing in the disperse areas of CODENSA's market for some 400,000 consumers, obtaining important results in customer satisfaction.
- The creation of an official Press Office account on YouTube in order to publish and share audiovisual materials.

- The Q-Meter Project, whose objective is to implement a plan to renovate metering equipment that has been impaired and presents a risk to individuals and property.
- The A Tu Lado program, which has the goal of creating positive experiences and producing trusting and close ties with residential and small business customers through strategies for customer relationships, information, communication, and awareness regarding common interests.
- The Desde Adentro program, focused on improving the internal culture of customer service throughout the Organization in order to make an impact on end-client satisfaction.
- Ruta de la Navidad 2013, a lighting project that this year had the slogan: "Todo lo que quieres ver, en Bogotá lo puedes vivir" (*Everything you want to see, you can experience in Bogotá*), counting on a high degree of technology and free shows on an international scale that converted Bogotá into a first-rate tourist attraction for enjoying the Christmas season. This initiative enjoyed the attendance of more than 1,500,000 spectators among the various stages.

As a result of the different Company actions to improve the quality of service and to get closer to customers, an ISCAL index of 86.4% was reached in the 2013 CIER Customer Satisfaction Survey for the Residential sector, the best performance index reached since the 2003 survey, ranking us in the 6th position for Latin America.

An increase was evidenced in all quality factors evaluated, principally in the areas of customer service, information and communication, and the Company image.

On November 13, a failure occurred at the Concordia substation with a current in excess of 8,000 amps, phase C to ground connection, which caused the destruction of a large portion of the cells and the transformer. This event affected the provision of service to more than 25,000 customers.

In spite of the magnitude of this failure, on November 19 service was reestablished for all customers affected, and

economic compensation was recognized for people in the area on account of lost profits, food, and appliances

Looking to take advantage of electric power as a resource that is renewable and environmentally friendly, in 2013 the Company continued to take action aimed at promoting the mobility of electricity in the country resulting in the achievement of significant progress and the establishment of agreements of understanding with the various players in the sector.

In September, the official launch of a pilot program of 50 electric taxis in Bogotá was carried out, and in this same month the recharging station located at Parque Tercer Milenio entered into operation with ten charging machines. Then, in December, 13 charging units were installed at the Unidad Deportiva el Salitre.

In another area of electric mobility, CODENSA and EMGESA provide technical assistance to the Bogotá Eléktrika company, introducing a Public-Private Partnership (PPP) with the goal of incorporating electric buses into the operation of the Transmilenio System, and the construction, administration, operation, and maintenance of power lines in Phase I and Phase II.

In terms of internal electric mobility programs, we highlight two of the main programs. E-Bike to Work, a program for workers to borrow electric bikes which was implemented in 2011, benefiting 120 employees who have made close to 6,200 trips over this period, adding up to a distance of 54,000 kilometers covered. And the Transport Fleet program, which incorporated 15 electric vehicles in 2013 for transporting Company employees.

In 2013, Human Resource management continued to be one of the fundamental pillars of Company development and the achievement of its strategy. With actions such as the Performance Review Process oriented towards strengthening employee skill and ability. In addition, and as in years past, efforts were made that contributed to company training and personal development through training activities to strengthen technical abilities, increase knowledge of the business, management systems, and improve the culture of organization and innovation.

The Company adhered to the "Equipares" Labor Equality Seal initiative found within the framework of the Women Empowerment Global Compact initiative. In agreement with this initiative, in 2013 women accounted for 36.1% of all new hires, surpassing the established goal of 30.55%. Furthermore, four individuals with visual impairment were hired.

In terms of occupational health and safety indicators, it should be noted that in 2013 important improvements were made which surpassed the index goals set for the frequency of accidents (Company + sub-contractors), passing from 3.9% in 2012 to 2.36% in 2013. This result is due to training for Company personnel, as well as collaborating companies on issues relating to occupational health and industrial safety based on the "Zero Accidents" goal.

At the close of 2013, our Company payroll listed 1,037 employees. We work hand-in-hand with them to continue to establish ourselves as an attractive employer that is competitive in the labor market, always seeking to encourage a sense of belonging and pride in our employees.

In 2013, we continued working on all actions which allow us to keep our Family-Responsible Company (EFR) certification granted by the Fundación MásFamilia. This recognizes our work to implement a new social and corporate culture based on flexibility, respect, and commitment to our employees. The aim is to promote balance between personal, family, and working life.

With the aim of continuing with the Company's successful innovation model, in 2013 \$ 3,229 million was ear-marked for the design of 17 projects, with 14 receiving approval for their financing. In 2013, 4 international patents were obtained for two innovation projects: The "Post with embedded grounding" received a patent utility model in Mexico, the United States, and Europe; the "Coil connection for supplying three-phase power from a three-phase input and 2x3 distribution 2x3 transformer" received a patent in Mexico.

In addition, this year important strides were made due to innovation projects, among them the Efecto Carson and Aye Aye projects with second and third place finishes respectively for the 2013 ÁMBAR Award for Research and Development in the Colombian Electricity Sector granted by the Colombian Electric Energy Distributors Association (ASOCODIS), the National Electrical Operations Council (CNO), and the Commercialization Consultancy Committee (CAC) with the support of the Mining and Energy Planning Unit (UPME) and COLCIENCIAS. Likewise, the Efecto Carson project is a finalist in the Accenture Innovation Award in the category of Energy Resources.

In 2013 the Company published the ninth Sustainability report in which economic, social, and environmental performance indicators obtained in 2012 were disclosed, thus responding to the commitment to communicate to our stakeholders as to actions and advances framed by our Sustainable Development Policy.

With the idea of strengthening the contracting process and achieving greater supplier knowledge, in

2013 the Company launched the implementation of the Company Qualification Model whose objective is to evaluate the legal, economic, and financial aspects of potential suppliers of goods or services prior to a bidding process.

In the same way, the Supplier Value Chain project was started, which seeks to optimize the contracting process by studying the realities of contracted companies in order to adequately identify financial risks that may produce occasional risks to contracted services, and to find opportunities for improvement in the services and materials contracting cycle. In addition, chaining programs will be encouraged with our most important suppliers.

Within the Company's social management in the areas of influence of our operations, it is important to mention the work that we do with the Fundación Endesa Colombia, with which we continue to carry out programs geared towards improving the quality of education such as the "Educando con Energía" program which has to goal of training youth on productive competencies and life skills, also incorporating the principles of sustainable development, and linked to public education in grades 8 and 11; the "Formación para el Trabajo" program, through which technical training was given to 200 at risk youth in the municipalities of Zipaquirá, Cogua, Nemocón, Cucunubá, Tausa, Sutatausa, and Ubaté; and the Technical Training Program for Energy Distribution and Sales in the rural area of Cundinamarca, resulting in the hiring of 13 youths through apprenticeship contracts in businesses in association with the Company.

We want to finish this journey through our Company's management by expressing our conviction and commitment to quality, and highlight the support we enjoy from belonging to the Enel group, an energy group on a global scale. This support will undoubtedly allow us the positivity to take on the daily operational challenges we face, as well as the challenges imposed by the evolution of the electricity sector at national and regional levels, and the changing needs of our clients and territories in which we operate.

Below, pursuant to CODENSA's bylaws, we present the following reports to our shareholders:

- The CEO's Management Report for 2013, adopted by the Board of Directors.
- Report on Internal Control by the Statutory Auditor, Ernst & Young Ltda.
- Report under Article 446 of the Commerce Code.
- Special Report from the Business Group, pursuant to Article 29 of Law 222 of 1995.

Furthermore, pursuant to Article 68 (12) of the bylaws, we hereby inform the shareholders that the Company has an internal control office that oversees compliance with control and management programs. External auditing of management and results are currently being carried out (in March 2014) by the firm Ernst & Young. Their results will be reported in the Single Information System (SUI, in its Spanish acronym) of the Superintendence of Residential Public Utilities in accordance with the terms established in current regulations.

In conclusion, we would like to thank our customers, the national and local authorities that guide us with their work, and our Shareholders for their invested confidence that has made this grand business project possible, and reiterate once again our strong commitment to continue working to meet the expectations of our employees, customers, and communities near our operations, and in general all our stakeholders.

Sincerely yours,



DAVID FELIPE ACOSTA CORREA
Chief Executive Officer



JOSÉ ANTONIO VARGAS LLERAS
Chairman of the Board of Directors



The outlook on Colombian economic performance is positive for 2014. As in the last few months of 2013, this year the local economy is expected to be boosted by a stronger global economy, possibly reflected in more accelerated growth in the US economy, Colombia's main business partner, and in weak positive growth rates in the Eurozone.

However, certain signs of weakness in the recovery of developed economies means that this is not a sure thing. It is fairly likely that this year the international financial markets will continue to feel the effects of the gradual reduction in the monetary stimulus established by the US Federal Reserve. Despite the improvement in some indicators for the Eurozone, the labor market continues to show high unemployment rates, retail sales have not bounced back, and loans are not showing signs of recovery. In addition, the Chinese economy has started to have a slower growth rate, explained by a possible oversizing of its installed capacity.

Fortunately, in recent years the Colombian economy has had solid macroeconomic foundations that have allowed it to continue performing positively. In 2014, the country is expected to be boosted by a state investment plan in transport infrastructure, as well as the positive dynamics seen in the housing construction sector, stimulated by government policies that include delivery of free housing and loan subsidies. Moreover, we expect to increasingly feel the effects of the Productivity and Employment Promotion Plan (PIPE, in its Spanish acronym) launched by the government in 2013.

The industrial sector, whose growth slowed in 2013, could fair better in 2014. Following the gradual reduction in monetary stimulus established by the US Federal Reserve, there is an expectation that fewer dollars will reach the Colombian economy. This would cause a depreciation in the peso against the dollar, and in turn more competitive exchange rates would favor the industry.

The energy/mining sector is expected to return to normal production levels, after being affected in 2013 by strikes at the two main coal-producers that operate in the country.

There are also positive forecasts regarding the dynamism of private consumerism in Colombia for 2014. This may cause loans destined for housing to expand at a greater rhythm when compared to the previous year.

The positive forecasts on unemployment levels in the local economy for 2014 lead economic analysts to believe that Colombian GDP growth will be higher than in 2013.



Operating Activity

Energy Sales

Below is a breakdown of energy sales in 2013 by type of customer.

TYPE OF CUSTOMER	GWh	MILLIONS \$
Residential	4,490.9	1,508,723
Sales	2,152.1	698,596
Industrial	861.6	271,727
Other customers	505.1	151,637
Toll plazas	5,332.31	228,335

Energy Purchases

In 2013, 8,985.67 GWh were purchased for 1.27 trillion Colombian pesos.

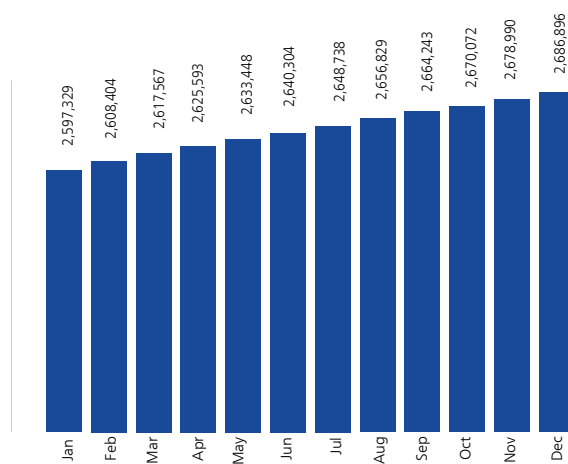
ITEM	GWh	MILLIONS \$
Regulated market	8,769	1,244,044
Contracts	7,995	1,102,035
EMGESA	4,131	573,205
Other suppliers	3,854	528,830
Spot market purchases	773	142,009
Non-regulated market	240	33,358
Contracts	221	29,433
EMGESA	105	14,193
Other suppliers	116	15,241
Electricity market purchases	19	3,924
Purchases	9,008.29	1,277,402
Electricity market sales	22.62	3,668
Total energy purchases	8,985.67	1,273,734

Below, we provide a summary of the main milestones and activities that leveraged these results:

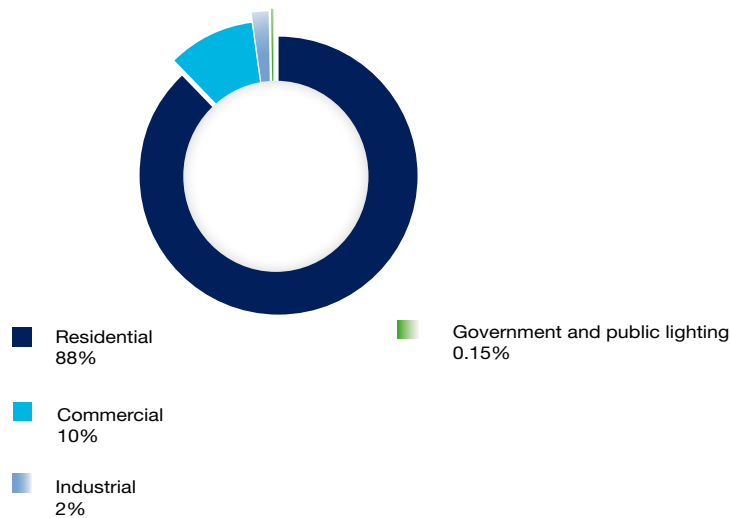
Customers

There was 3.83% growth vs. 3.29% growth in the number of customers compared with the previous year.

Development of Electricity Services



Customer Composition by Sector



Sales Activity

Invoicing

Implementation of Facturación en Sitio (On-site Invoicing): CODENSA implemented Facturación en Sitio in June for 4,000 customers at the Cundinamarca branch and 5,000 customers at the Bogotá Savanna branch, having a positive impact on around 400,000 customers. The project's objective is to optimize invoicing in the disperse areas of CODENSA's market. Therefore, through on-site invoicing, meter reading and invoice payment, printing, and distribution processes are carried out in a single visit to the customers.

Operating plan:



This project provided different benefits for CODENSA, out of which, the following stand out:

- Economic benefits of \$ 127.5 million a month.
- Improvement in cash flow.
- Reduction in customer services because of the increase in reliability in the process.
- Better customer relations.
- Reduction of exposure to the risk of accidents, due to the elimination of movements in the distribution phase.



Special delivery of invoices: A new system was established for the delivery of bills, which consisted of removing the special delivery process and generating a charge for customers who decide to continue with this service.

After six months of implementation, by December 2013, there were 3,680 accounts marked for special delivery, out of which, 2,171 accounts were charged for this service and 1,509 are exempt because they belong to corporate customers.

It is worth highlighting that the customers did not make complaints or claims regarding this and the economic benefit from the operating savings was \$ 34 million a month.

New Connections

External and internal electricity work:

Sales of electricity work was higher than the established goal of \$14,075 million for 2013. The growth in the volume of customers' requests that started in 2012 remained the same this year, due to the management carried out with collaborative companies to offer accurate, quality solutions, and to the

sales drive carried out, achieving sales of \$ 15,593 million, with 111% compliance.

The results of electricity works enabled improvements in customers' connection times, offering a complete solution for their needs without intermediaries.

Hot sanitary water devices (DACs,

for its Spanish acronym): In 2013, the heating offer was increased, including a new water heater company with local technology (SINERGY), as an additional alternative to the current suppliers, Calentadores Alemanes and Smartec.

In 2013, 1,346 units were sold, equivalent to \$ 930 million. The option of payment using any credit card and direct financing by distributors was added to Crédito Fácil CODENSA, increasing acquisition options for customers.

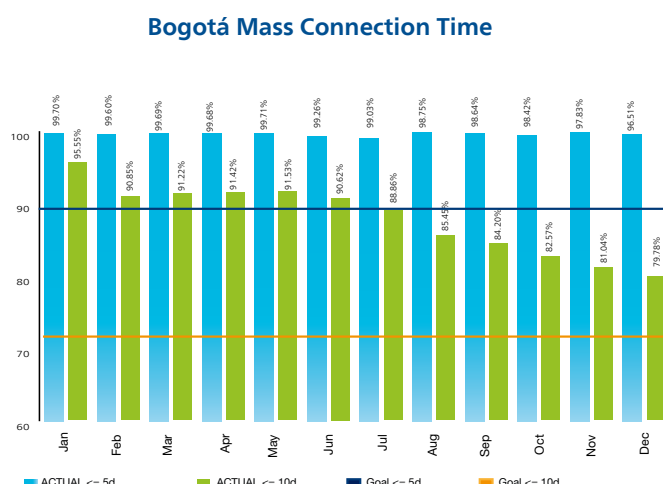
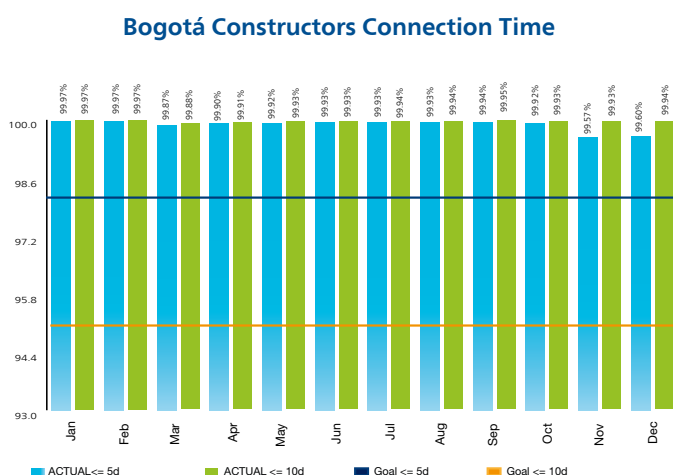
Business margin:

The performance of the margin of new connections in 2013 was fairly satisfactory, achieving a 30.44% outcome compared to the established target for the year of 22.70%. The good management in electricity work sales drove this outcome, which is reflected in the margin of financial and brokerage revenue, sales of meters and connection charges.

New customer connection time:

In 2013, 103,158 new customers were connected to the network, a figure that had not been achieved before. The connection time for the case of massive customers was 79.78% in 5 days or less and 96.51% in less than or equal to 10 days. Regarding construction customers, 99.6% connected in a period less than or equal to 5 days and 99.94% in a period less than or equal to 10 days.

A total of 121,352 connections were made in 2013, out of which, 46.2% corresponds to massive customers and the remaining 53.8% to construction customers.



Company Time

The best results of new connections on record were also obtained, which is related to the Company time, both for both Bogotá - Sabana and Cundinamarca. This indicator measures the time passed from the date of the field operation to the date in which the updated information is shown in the Épica Sales System.

- **Bogotá – Sabana:** In this period, there was more than 30% growth from the historical results, going from 60.28% of developments confirmed in less than seven days in 2012 to 90.31% in 2013. Likewise, it was ensured that 99.07% of developments was made within 24 business days.
- **Cundinamarca:** There is a similar situation in Cundinamarca. It went from 32.64% in 2012 to 74.86% in 2013 and, additionally, 95.10% of the developments were confirmed within 24 days, achieving the objective of bringing Cundinamarca operations to the Bogotá indicators.

These results ensure the opportunity to invoice the customer in person, reducing the risk of charges for legal regulation and improving the Company's revenue cycle.

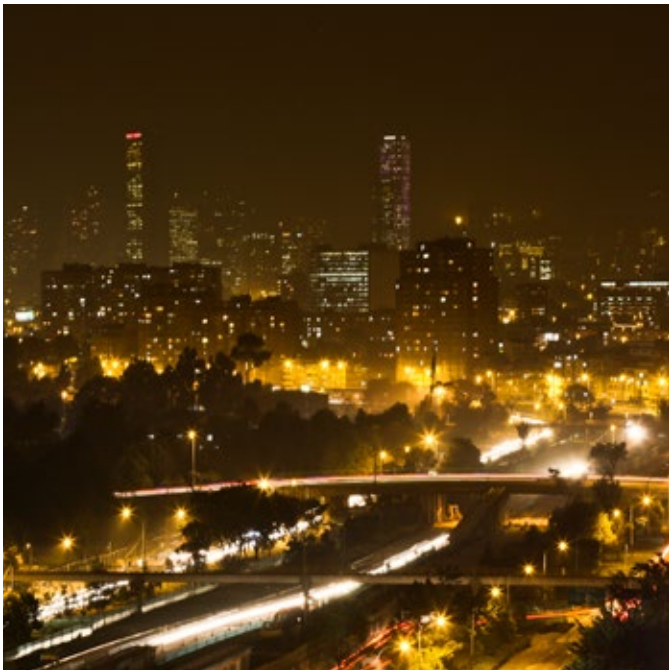
Customer perception: In 2013, the new connection process achieved good outcomes in the survey on quality perceived by customers. As an accumulated result of October 2013, a Perceived Quality Satisfaction Index (ISCAL) of 90.8% was achieved.

New Connections Cundinamarca - Rural Area: Synergies have been formed with the different areas ensuring comprehensive management of the Company's and rural customers' needs, optimizing resources in spite of the main limitation related to the dispersion and accessibility of roads.

Main Actions

Portfolio management in rural area

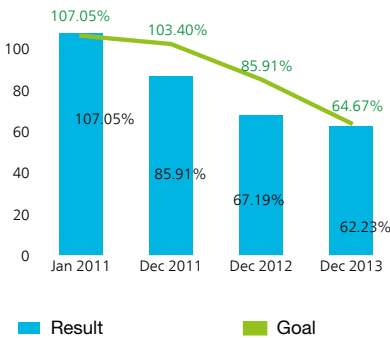
/ default payment rate: The indicator of effectiveness in suspension is over 95%, which corresponds to satisfactory achievement of the goal. However, throughout 2013 and for 2014, an intensive plan is being carried out with the collection department, designed to recover portfolio from customers who are still delayed in payments despite being suspended.



As part of this plan, suspension is being carried out more rigorously together with Technical Management to prevent self-reconnection. Meetings and advice are provided for customers to make payment agreements, and agreements are established with the areas involved that are responsible for customer relations, customer service and invoicing to speed up management regarding claims and average consumption, with the aim to make figures more accurate and facilitate payment agreements. This management addresses accounts that have the service with default balances protected by some claim.

In this way, we managed to considerably reduce the default payment rate by the end of the year from 67.18% to 62.23%.

Cundinamarca Default Payment Rate



New supply management: Taking customer satisfaction as a priority, the management focused on the opportunity to respond to requests with the development of strategies such as day/municipality grouping to mitigate dispersion and to schedule appointments according to this grouping. As a result, connection times evolved positively.

Connection times ⇐ 5 working days

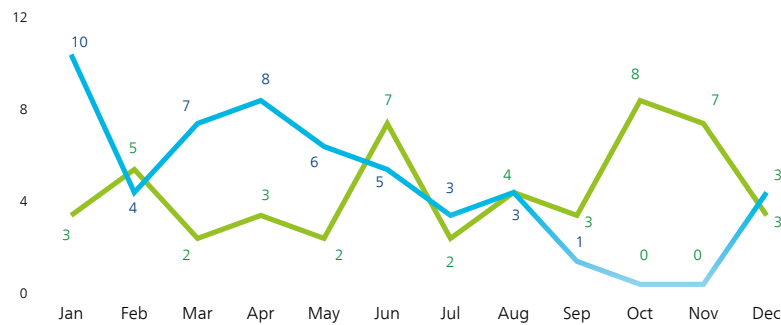


Safety: New mechanisms were implemented to mitigate the hazards associated with operations:

- With the start of the Facturación en Sitio project, exposure to road hazards was reduced by 14%, removing motorbike transportation from 24 meter readers.
- The Reading in Vitara pilot plan was started, which consists of using cars instead of motorbikes for invoicing operations in the east area. Currently, we are operating using 3 vehicles with these features.
- The trailer pilot plan was started in the Ubaté area for motorbike transportation, which allows road accidents to be reduced in long journeys to meeting points for invoicing operations.

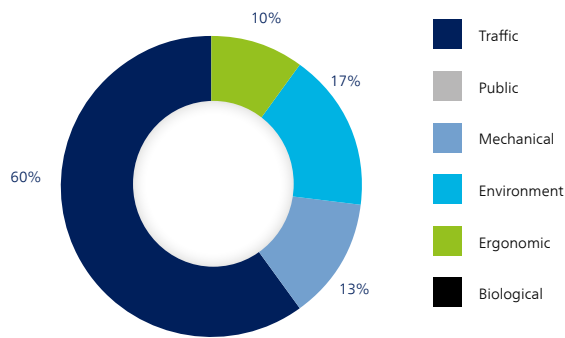
The accident rates were as follows:

Rural Area Operations Accidents



- The traffic factor continues to be the main cause of accidents.
- The mechanical hazard and environment are a considerable element in the accident figures for 2013. However, the prevention and self-care culture continues to be an essential method to reduce the imminent risk that the operations staff is exposed to.

Distribution by Hazard



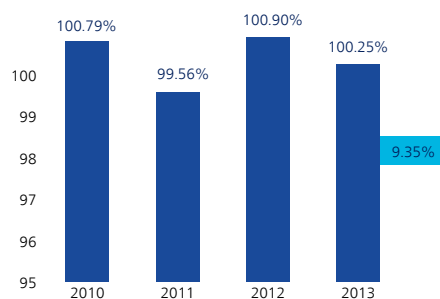
Geospatial visualization and audit of work orders: From the need to follow up and manage the different tasks executed by the technical staff, a graphical report was implemented which allows for the visualization of the real places in which the teams executed and entered the operations. It is carried out through Google Earth using the geographical coordinates automatically captured by the on-site terminal.

A report was also made for the reading process, taking the information generated by the Aof Server as a basis. In this way, a procedure could be implemented that shows the route taken by the different teams in Bogotá, Sabana and Cundinamarca and therefore, observe whether there are customers outside of the optimum route.

Portfolio Management

Portfolio management development: The portfolio management process was affected in September and November by the stabilization phase of the On-site Invoicing program. However, the results obtained are satisfactory.

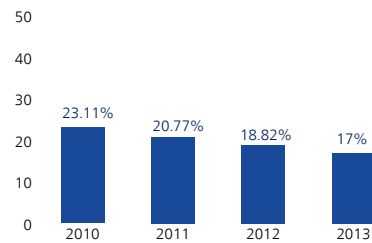
Collectibility index: By the end of the sales year in December 2013, the collectibility index had reached 100.25%, 0.01 percentage points above the established target. With this result, for the second consecutive year, an indicator over 100% has been achieved.



The following actions leveraged the results obtained in the collectibility index:

- Since July 2013, the AP Distrito Capital customer, has presented a claim regarding the new way of paying VAT on rent in infrastructure. This led to approximately \$ 800 million not being collected monthly. By the end of December 2013, the total debt had increased to approximately \$ 6,000 million. The collectibility index of commercial closure is not affected, given that it is calculated without the revenue of public lighting.
- Since September 2013, customers have had access to a new tool through the CODENSA website, which allows them to consult the closest payment points according to their location in Bogotá, Sabana, and Cundinamarca.
- Campaigns were carried out to promote the use of virtual media in CODENSA and Bancolombia offices.
- As part of the Customer Contact Record project, 28.6% improvement was achieved in updating customer contact information in the sales system.

Electricity service default payment rate: The electricity service's default payment rate ended with 17.00%, exceeding the established goal of 18.47%.



The following actions leveraged the results obtained:

- Old portfolio refinement and portfolio standardization through Plan Mineros. A decrease in Cundinamarca's debt of \$ 705 million was achieved compared to the \$ 667 million proposed as a target.
- Agreements were maintained, such as: El Colegio Municipality (\$ 3,039 million balance) and La Palma aqueduct (\$ 1,065 million balance).
- Through the Perseo project, the frozen portfolio was refined by \$ 802 million.
- In additional businesses, in the matured debt of CODENSA Services, the best revenue in the last 6 years was achieved by reducing the portfolio by \$ 559 million at the end of year in December 2012. On the other hand, the matured debt of infrastructure also presented a reduction from that presented in December 2012 of \$ 348 million.

Exploitation and Collection

Implementation of the Smart

Metering pilot program: The Smart Metering pilot program aims to use and assess smart meters, as well as to show customers and the regulator the benefits of the Advanced Metering Infrastructure (AMI) in terms of energy efficiency, quality of the electricity supply, control of losses, remote management of meters (reading, suspension, reconnection, energy balances, and event reports), and the capacity to exchange technical information.

In December, the equipment nationalization process was completed, and 46 smart meters and one concentrator were installed in the Usaquén sector. As well as the installation and configuration of the remote meter management system (SMM Web), training was provided for the Company's personnel on technical procedures and sales processes through SMM Web.

Control-M Project: The Control-M project was started with the aim of automating the operation baseline of Sales Management Batch exploitation processes through the queuing of grids according to established operations logistics. The benefits include the mitigation of human errors that affect the Operation Baseline process, the reduction of times in the operation of the process grid, and greater efficiency in execution.

Épica Ottimare Project: The Ottimare project arose as a plan to combat the need to execute tests on the requirements released for tests that were held back due to the entry of the Facturación en Sitio project and the standardization of the databases used as support for post-production stabilization.

Integrated Audit: The audit of the invoicing, portfolio, losses, and new connections processes was incorporated with the aim of promoting operational excellence and developing a follow-up and inventory audit of contracts unified for the Sales Transactions Department. A comprehensive, trained work team was formed, which received 4,062 hours of training on the project's operating and administrative topics. Likewise, safety inspections were made, on-site supervision was reinforced (IPAL, One Safety, and Vigía Bienestar), and the supervision of front-seat passengers was supported.

Safety

The Safety project arises as an alternative to mitigate and control accidents in processes of the Sales Transactions Department, as well as a prevention initiative through 8 sub-projects to reduce accidents in road, electricity, mechanical, and public hazards, and hazard resulting from the environment, and dog aggression, and the reinforcement of cultural topics in safety, operating personnel knowledge, and risk management systems. During the year, the following initiatives stood out:

- Development of the Safety Scorecard, which consists of initiatives and topics related to safety in on-site operations.
- Certification of 32 people in Work Competency Standard 280101062 to ensure compliance with environmental and safety regulations prior to and during the implementation of the work orders.
- 92% coverage of employees with flame retardant overalls.
- Establishment of 3 specialized footwear standards for walks, motorcycles, and dielectrics.
- Development of the motorcycle airbag vest to mitigate the risk of falls from motorbikes.
- Consolidation of the culture of safety and hazard awareness program proposal.
- Pilot use of personal protection equipment to reduce risks from dog bites.

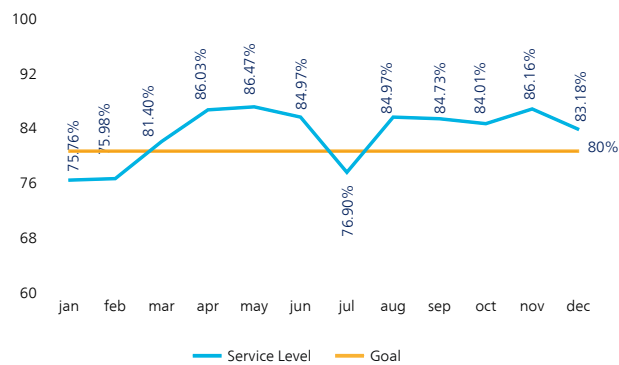


- Training on safety procedures to reduce accidents from unsafe practices.
- Identification of safe and hazardous behavior, support in the preparation of action plans and verification of the closure of One Safety plans.
- Consolidation and follow-up of the improvement opportunities detected in the 553 Safety Walks carried out in Sales Management.

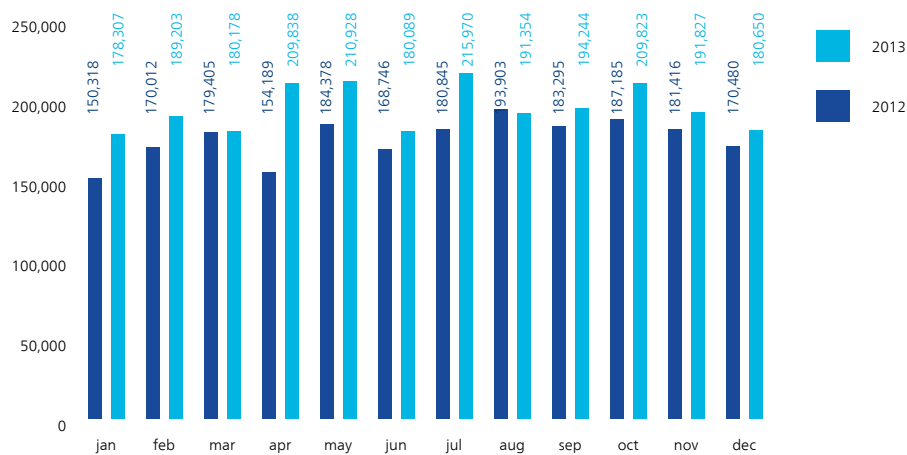
Residential Market and SMEs

In-Person Service

Service level: The energy service level indicator in our In-Person Service channel had an average performance of 82.55% during the year, with a monthly target of 80% of energy customers served in less than 10 minutes.



Amount of customers attended to: In 2013, there was an increase of 228 thousand transactions compared to 2012, going from a monthly average of 175 thousand to 194 thousand. All of the indicators were completed, including: waiting times, response times, and escalation of cases.



Service centers renovation project: The Chapinero and Soacha service centers were renovated in 2013 and replaced Bosa Despensa and Galerías, respectively, completing 6 renovated service centers throughout the project's execution.

Consentido: Details in customer service and experience in points-of-sale were reviewed with the aim to create a service experience model in the in-person service channel that will have a positive impact on customer satisfaction.

Energía del Saber: Energía del Saber is a corporate university that started activities in October 2013 and aims to develop a continuous learning strategy so that our direct employees and employees of collaborating companies become highly commercial and customer-orientated specialists in the business. The following evaluation was obtained in 2013:

- Introduction to Electricity Generation and Invoicing courses and Soy Compañía workshops were taught at the School of Business, with a total of 167 people registered and 152 people certified.
- The School of Sales Skills taught the Advanced Negotiation and Effective High-Impact Presentations courses, with a total of 50 people registered and 38 people certified.
- The School of Customer Service developed the certification of training programs as part of the strategic projects regarding Customer Satisfaction, as well as the 'Vive Energía, actitud de servir' (*"Living Energy, Attitude to Serve"*) workshops for 3,300 contractors.

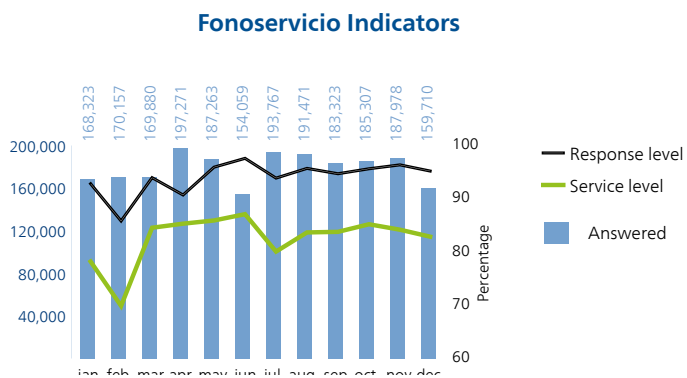
Remote Service

Fonoservicio (customer service line): 2,309,478 calls were received in 2013, which represents a 1.3% decrease. Out of these, 2,148,509 were answered, meaning a 4.3% increase in answered calls from 2012.

The indicators throughout 2013 were satisfactory, with an increase of 6.3 percentage points in Service Level (82.01%) and 4.6 percentage points in Response Level (93.44%) compared with the previous year. The results obtained for each one of the businesses are as follows:

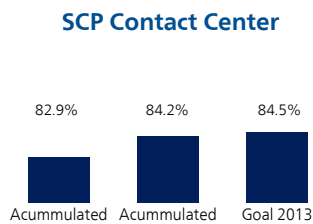
Type	Calls received	Service level	Response level
Commercial cycle	1,347,522	82.14%	96.03%
Technical	651,517	78.98%	85.22%
VAPS	310,439	87.22%	97.67%

Month-to-month behavior of the indicators throughout 2013:



Contact center customer satisfaction:

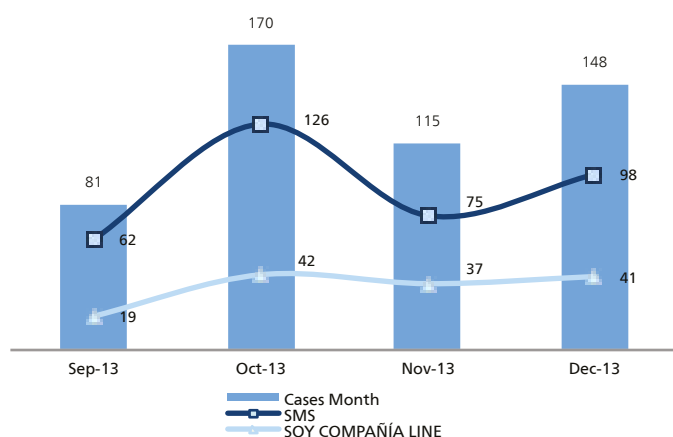
The customer satisfaction indicators (SCP) in the contact center improved by 1.3% in 2013 from 2012. The cumulative result of the year reached 84.2%, fulfilling the target of 99.7%.



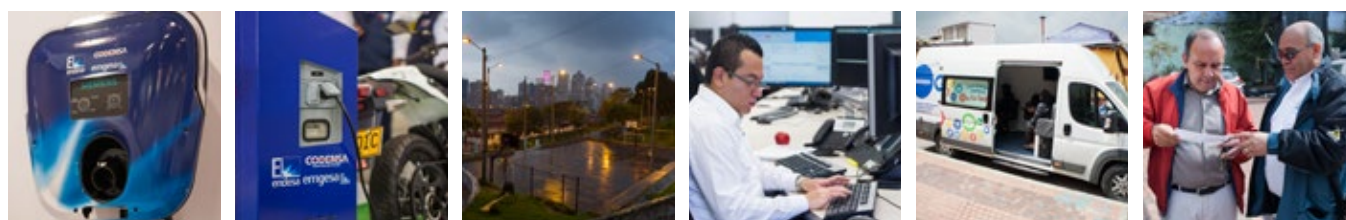
Soy Compañía: As part of the service culture strategy, in September 2013, the Soy Compañía program was started, through which employees have an exclusive support line to report cases related to failures in supply, public lighting, theft, invoice clarifications and suspension, cut-offs and reconnection.

Since the start of the program, 559 requirements have been served to, out of which 71% were sent by text message.

Cases / Month



Channel	2013	Share
SMS	398	71.20%
Soy Compañía Line	147	26.30%
Mail	14	2.50%
Total per channel	559	100.00%



New services implemented: New services were implemented throughout 2013 with the aim of facilitating customer service, and supporting the other internal areas in the Company.

- **Electric mobility:** Support in reporting failures of loaders and scheduling for vehicle reloading.
- **Concordia Priority Line:** For differential service for customers affected by the failure.
- **Cundinamarca Mobile Service:** Line for special service of advisors who come across particular cases out of those covered in the area.
- **Kite Line:** Line for response to reports in the windy season.
- **Micro-relations:** Line for response

to questions about consumption habits.

- **Transfer from the 6016014 line to the call center:** With this, it was possible to control traffic, record calls, and give priority to other resellers.
- **Public lighting control center:** Creation of a direct channel between field operations and Fonoservicio, giving priority to high-impact cases, follow-up and decongestion of order closures.
- **MV/LV control center:** As support in the management of maintenance cases for which CODENSA is responsible.
- Response to requirements of the CODENSA Massive Customer Special Invoice Distribution program.

- Support for Cundinamarca Work Operations and Constructor Design Teams.
- Habeas Data update service.

Virtual Media

The customer service and relations policy was consolidated in 2013, which is why the channels were modernized and invigorated to improve customer experience and satisfaction.

Web: Modifications were made to the www.codensa.com.co website to provide a more modern and dynamic image and to facilitate navigation and management of petitions in terms of information and invoicing.

Digital guideline strategies were implemented to provide an incentive to visit our websites. Likewise, work was carried out in SEO (Search Engine Optimization) for better positioning of our websites and brand recall with friendly URLs.

At the end of 2013, 3,096,804 visits had been recorded, which represents 23% growth compared to 2012 and 503,949 customers registered on the website. 4,322,763 transactions were made on all websites over the course of the year, representing an annual growth of 15%.

In 2013, social networks made people's experience with the CODENSA brand known. In this way, management was directed at providing timely and satisfactory responses, considering the impact of comments posted by third parties on the Company's public image.

Facebook: Applications were implemented to attend to cases and consult the invoice, which make this a service channel, being pioneers in this kind of function in Latin America.

The year 2013 ended with 221,694 fans, which means a 53% increase during the year. Relevant information was shared with them about the efficient use of energy, environment, events, electric mobility and service, among others.

Twitter: We ended the year with 5,114 followers, which represented a 99% growth in 2013 compared to 2012. We positioned this social network as an alternative service channel and differentiated ourselves from other companies



that use this medium just to disclose information.

Service on social networks is carried out 24 hours a day, 365 days a year, which provides customers with an immediate, alternative, and highly efficient service channel available to them in which responses do not exceed 15 minutes.

Customer Relations

Con_texto Project: The Con_texto project was launched in December with the aim to correctly and opportunely respond to the verbal claims made by customers that are not resolved in the first contact.

The project intends to establish customer response systems that allow them to have relevant and personalized information, strengthening their loyalty through the Company's service channels.

Therefore, Con_texto established feedback systems to contact large residential, commercial, and industrial customers before they do, and in this way is able to inform them of the status of their verbal claim so that they are informed of how it is being managed and/or how the case was resolved.

Additionally, this initiative allows the Remote Service advisor to browse the different modules in the Épica Commercial System and to know the tracking in depth for the solution of verbal service before making the call, giving the advisor assurance and knowledge of the case with the aim to contact the customer and provide and assertive response.

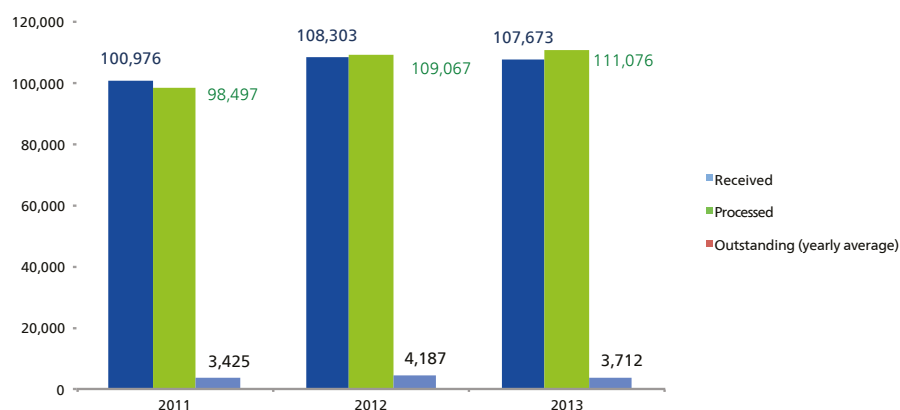
Behavior of pending customer relations cases: In 2013, the participation of processed/received cases increased by 2%, which is equivalent to 2009 cases processed compared to the previous year.

Type of case	2011	2012	2013
Received	100,976	108,303	107,673
Processed	98,497	109,067	111,076
Outstanding (yearly average)	3,425	4,187	3,712
Participation (processed/received)	98%	101%	103%
% average outstanding variation		22.26%	-11.34%

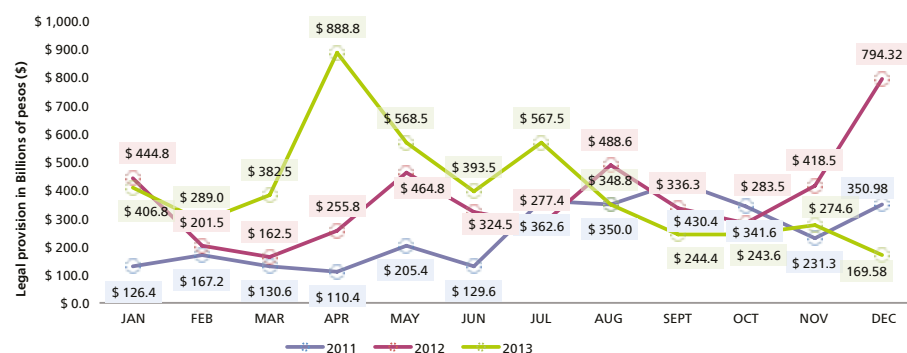
There was an 11.34% decrease in the average of pending cases compared to the previous year.

Behavior of adjustments: A 7.3% increase was recorded in the adjusted amounts of Legal Provision compared with the previous year, due to the unfavorable verdicts that represent 65.64% of the total Legal Provision.

These verdicts increased 12% compared to the previous year.



Legal Provision Development



In April, there was an impact on re-invoicing No. 81637060, in which the consumption is recalculated and Article 150 of Law 142/1994 is applied on the charges that are extemporaneous, with punishment (1,167 GWh). This re-invoicing represents 44% of the total amount of the Legal Provision in this period.

Type of re-invoicing	2011	2012	2013
Adjustments	58,579	56,404	60,581
Requests received	63,658	61,306	65,448
Participation (Adjustments/Requests)	92%	92%	93%
% Adjustment Variation		-3.71%	7.41%

In 2013, the adjustments made increased by 7.41% from the previous year.

Response to claims for damages caused in the Concordia substation: In

November, there was an explosion and a fire in the Concordia Energy Substation in the center of the city. This situation caused an unexpected volume of cases related to claims from damages to home appliances, lost profits and loss of food. The amount of cases received by December was 683.

At the cutoff, the values recognized for these damages to customers are:

Home appliances	Food	Lost profits	Total
\$ 129,833,510	\$ 16,043,220	\$ 98,179,475	\$ 244,056,205

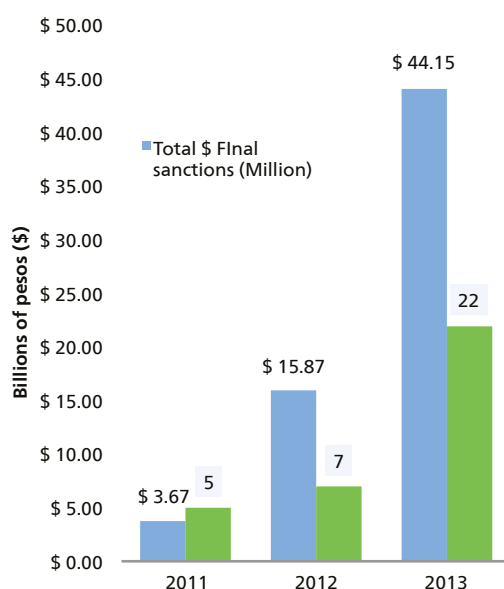
The collaborating company has managed 427 work orders corresponding to the repair of home appliances for \$ 171,446, 078. A total of 750 home appliances were repaired.

Sanctions established by the Superintendence of Residential Public Services

(SSPD): There was an increase in the volume of Sanctions from 2012 from the Internal Circular of June 26, 2012, in which the Superintendent established the sanctions to impose, changing the course of action in the previous months and years.

Final sanctions SSPD			
Description	2011	2012	2013
Total \$ final sanctions (million)	\$ 3.67	\$ 15.87	\$ 44.15
Amount of final sanctions	5	7	22
Variation % (\$ Sanction)	90.33%	>120%	>120%

Final Sanctions SSPD



Assistance to Communities

Social feasibility: This initiative aims to achieve the participation and joint responsibility of communities affected by the corporate projects through actions to address the community and information, awareness-raising, communication and commitment actions, aiming to make corporate management and its contribution to social development visible.

The following projects were made viable:

- Nueva Esperanza Substation Construction (first phase)
- North Substation Construction (first phase)
- Nueva Demanda projects feasibility
- Christmas Lights Project
- Loss Control Project
- Smart Metering Project
- Repair Project

Concordia Substation A tu lado: The project is aimed at improving the rating of the information and communication attributes in customer perception studies. As part of the A tu lado project, 32,419 building-to-building visits were made, 3,537 adults were informed about efficient and conscious use of energy and home appliances, 44,790 watchmen were qualified and certified, 130 old refrigerators were replaced with new and efficient ones and the final disposal of said refrigerators was organized, 502 talks were given on the efficient use of energy in the communities and 1,413 sessions were carried out with the Mobile Customer Advice Center.

Strategic relations: Contact was made on 1,839 occasions with different stakeholders. In 2013, socio-political situations arose that could affect the corporate management and image, such as the agricultural strike and political intentions regarding the incident of the Concordia substation. However, the situations were dealt with appropriately and did not affect the Company's image.

Mobile commercial service: At the end of 2013, \$ 387 million was invested in the purchase of 3 mobile units to increase the coverage of customer service management in other areas of service.

Large Customers and Institutional Customers

Avantel project: The fiber-optic product was strengthened with the assignment of the project by this customer. The relevance of this management lies in the fact that it is the first time that a 288-strand fiber-optic cable has been installed in Bogotá. Additionally, it is important to emphasize that the extension of the ring is initially 100 km. The sales total is equivalent to approximately one million Euro and it opens the door to new Avantel projects in other cities of the country, which are expected to be developed in 2014.

Launch of the post-sales service: The first post-sales pilot visit was made. The visit was made regarding the project to increase the charge to 225 kW for the customer, CPI Colombia SAS. This first interview produced positive results and confirmed aspects for improvement of the current operation.

Power quality: The design of the Power Quality service was finished, which was conceived to prevent unexpected stoppages and damages to equipment or facilities. It also allows decisions to be made on investment projects, including the acquisition of new machinery and in-house extensions.

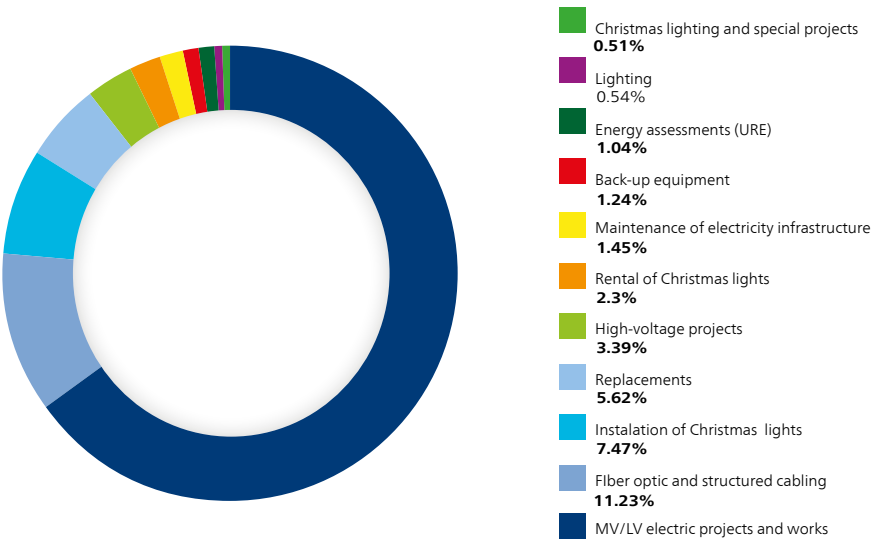
Payment process: In 2013, \$ 24,087 million were registered in payments to construction customers (without 2013 provision). On the other hand, the amount of projects paid to customers increased by 8%, and the registered amount increased by 6% from the previous year. These results are due to the application of partial payments for 17.6% of the total. These payments amount to \$ 6,848 million.

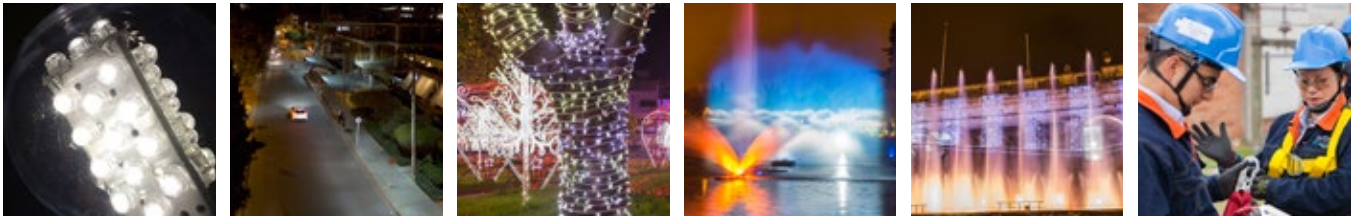
Doing Business: For the 2013 report, an achievement recognized by the World Bank was achieved for the process of obtaining electricity, which allowed us to improve the reported indicator by more than 60 days.

Feasible connections: With the improvement in the processes and implementation of some actions, connection time to customers was reduced with feasibility, from 98 days in 2012 to 76 days in 2013.

Customer desertion and recovery: In 2013, 164 accounts associated with 50 customers were lost. 46% of the accounts changed to the Vatia reseller, 35% to Dicel, 9% to Enermont, 7% to Enertotal and the remaining 3% to Ruitoque. The 34% loss of customers in GWh/year was concentrated in just one customer, Telefónica- Telecom, which nationally changed to Vatia. Likewise, throughout the year, 5 accounts were recovered with a consumption of 0.5 GWh/year.

Product and services portfolio sales: 1,114 projects were sold to customers of the corporate sector through the Business Manager channel for \$ 30,806 million, representing an 18% increase in sales from 2012 and a 39% increase in the number of projects. Sales distribution by product is shown below:





Corporate customer satisfaction: The result of the Customer Perception Study regarding corporate energy for 2013 was 76.6%, a higher percentage than the target established for this year. The areas that represented greater growth were Business Manager and Information and Communication, with 18 and 20 point increases, respectively.

New service model for industrial customers measured in 34.5 and 115 kv: A new service model for industrial customers was established measured at voltage level 3 and 4, which aims to consolidate the Company as the first option as a network operator for the industry. This model is based on ensuring the quality, reliability and continuity of the supply for industrial customers. It seeks the consolidation of Bogotá and Cundinamarca as a city and region, by building trust, positive experiences and constant advice in the use of energy, development of alternative energy for industrial customers, positioning ourselves as a network operator and generating revenue for the company. The project ended the year in its implementation phase.

Quality management systems: Certification in ISO 9001:2008 of the Commercialization and Sales process and recertification of the Corporate Customer Service process was achieved in 2013.

Christmas lighting project - 'Ruta de la Navidad' 2013: The Christmas lighting strategy was continued, which was developed with the City Hall of Bogotá and Empresa de Energía de Bogotá to generate citizen appropriation and make Bogotá a tourist destination, supported by efficient technology and free world-class spectacles. At the opening event in Plaza de Bolívar, more than 25,000 people enjoyed a water, light and sound show synchronized with music.

Additionally, in 2013, important sales management was achieved in the sale of Christmas lighting projects to customers of different segments, achieving sales of over \$ 4,000 million, which means 146% growth compared with the sales of 2012. It also improves the business margins through new sales strategies such as the rent-purchase figure, which gave the Company assets of more than \$ 400 million.

Incorporation into public lighting of the Capital District for the lighting of historical building facades and monuments. The approval of the Special Public Services Administrative Unit (UAESP) was achieved for the incorporation of public lighting for historical building facades and monuments into the budget and to start the project incorporating the outdoor lighting of the San Francisco Church. The studies on the lighting of

monuments proposed by the District Cultural Heritage Institute and the buildings around Plaza de Bolívar were also started.

Pilot project of LED lighting with Telegestión around the El Tunal Shopping Center and Parque de la 93 for the remote operation of public lighting. A new source of lighting and the development of this technology was assessed, allowing the usage conditions to be innovatively improved. Possible lighting failure points were detected in real-time and remote management of the Company's assets was carried out.



Electric Mobility

Signing of Agreements of Understanding Colombia Electric Mobility Incentives

Decree 2909/2013 "by which the Tariff is partially modified and some quotas are established for importing electric and hybrid vehicles". The decree in mention established an important import quota of 750 units with a tariff tax of zero percent (0%) for importing vehicles with an electric engine. Likewise, it comprises an annual quota for importing 100 units with a tax tariff of zero percent (0%) for importing quick charging stations. When it comes into effect, it is expected that some specific actors, such as automobile companies, will promote the electric vehicle market in the country.

District Decree 477/2013 - Technology Promotion Plan for the Integrated Public Transportation System (SITP) of Bogotá D.C. This decree was issued in October, which allows the progressive replacement of internal combustion

technology with zero or low-emission technology. Its objective is to improve air quality and the impact on public health from atmospheric pollution. The lines of action are:

- Bogotá city laboratory and test bank
- Seventh to Tenth Avenue Green Corridor
- Zonal Technology Promotion
- Core Technology Promotion (Clean Core Mobility Phase I and II)

Electric Motorbike Pilot Project in National Police. Throughout 2013, the National Police provided information on feasible locations for charging electric motorbikes that will be used in the Quadrant Plan of the Bogotá Metropolitan Police. With this information, CODENSA presented a commercial offer for the sale of charging infrastructure for the whole pilot project. In December 2013, the Security and Surveillance Fund established that it will carry out a call for proposals in the first semester of 2014 to find a solution to charge the 100 electric motorbikes. CODENSA is awaiting the opening of said call for proposals to participate.

Pilot project of 50 electric taxis in Bogotá: To continue the pilot project, the following activities were carried out throughout 2013.

- Refining the business model, where it was concluded that \$105/km will be charged in the first months of the pilot project. For the above reason, it was established that the vehicles' odometer must be read monthly to be able to invoice the energy services.
- The need to establish a process to automate the charging process was identified, in which the consumption can be consolidated by customer and charging stations at the end of the month, with the aim to proceed to invoicing. For this purpose, the process of refining the technical specifications of the required system was started and a process to purchase it was launched.



- Visits were made to potential sites to locate stations for electric taxis. The conditions reviewed in said visits included accessibility, convenience for the end customer and safety conditions. Three potential sites were established for the location of charging stations: Tercer Milenio Park, Salitre Sports Unit and Francia Park.
- Once the potential sites for the charging stations were defined, the process of requesting use permits from the district entities was started. The first permit granted for the location of a charging station was for Tercer Milenio Park.
- The pilot project of 50 electric taxis in Bogotá was officially launched in September at the charging station in the Tercer Milenio Park. At this event, the mayor presented the vehicles to the media and talked about their environmental and economic advantages.
- The charging station installed in Tercer Milenio Park started operations in September with ten (10) charging machines.
- The granting of permits for the installation of two additional charging stations was coordinated.

Parallel to this coordination and with the aim to provide more charging alternatives for end customers, a provisional charging station was installed in the Praco Didacol facilities.

- At the end of November, the District approved the permit to locate the second charging station in the Salitre Sports Unit. The installation of this charging station was completed in December 2013 with 13 units. Additionally, six additional charging points were installed in Tercer Milenio Park. Therefore, the year ended with 36 charging points distributed among three stations in the city.
- By the end of 2013, 20 BYD electric vehicles were in circulation as part of the taxi pilot program.

Mass transport program: The Company has been carrying out studies and management in previous years on electric mobility and its possible implementation in the mass transport system of Bogotá. In the first quarter of 2013, CODENSA led meetings with the Bogotá City Hall, Environment Secretary's Office, Transmilenio and EEB, with the aim to present the benefits

and feasibility of electric mobility in the city's public transportation. The above was carried out as a result of the idea to incorporate new technology into the mass mobility systems, and a target was established by the actors to have the first buses in operation by the end of 2015.

In turn, the operation contracts of Phase I and II of the Main Transmilenio System, which is comprised of a fleet of 1,216 buses, ended in December 2012 and were extended for 3 additional years with the commitment to progressively incorporate clean technology buses in accordance with that established in the city's development plan.

Therefore, five of the seven current operators of the system (70% of the fleet) formed the BOGOTÁ ELEKTRIKA company with the aim to present a Public-Private Partnership (PPP) to the District to incorporate electric buses into Bogotá's main transport system. CODENSA, EMGESA AND BOGOTÁ ELEKTRIKA signed an Agreement of Intent with the aim to collectively assess the pre-feasibility and technical, financial and operative feasibility of incorporating electric buses into the main transport system of Bogotá and present the PPP.



The necessary studies, meetings and proposals were carried out during the first semester of the year and as a result of this work, the Public-Private Partnership (PPP) was registered in 2013 by BOGOTÁ ELÉKTRIKA with Transmilenio. The general scope of the PPP is as follows:

- Incorporate electric buses into the main operations of the Transmilenio system. Supply trolley buses and hybrid technology buses (mainly) corresponding to Phases I and II (1,216 buses).
- Construction, management, operation, and infrastructure maintenance of required overhead power cables (74 km).
- The representative of CODENSA and EMGESA is the Technical Assistant for the construction, administration, operation and maintenance of the electricity infrastructure required and the energy supply.

The year ended with the acceptance of the Private Public Partnership and its passing to the feasibility stage. It is hoped that by 2014 this approval is given, and the process of making the system electric is continued.

Another important landmark of the year was the issue of District Decree 477/October 21, 2013 Technology Promotion Plan for the Integrated Public Transportation System (SITP) of Bogotá D.C., which formalizes the district's intention to migrate to clean technology in the city's mass transportation systems.



This plan aims to progressively replace internal combustion technology with zero or low-emission technology. The above with the objective to improve air quality and reduce the impact on public health from atmospheric pollution. The lines of action are: Bogotá City laboratory and test bank, Tenth to Seventh Avenue Green Corridor, Zonal Technology Promotion, and Core Technology Promotion (Clean Core Mobility Phase I and II).

Corporate Fleet Program: In 2013, the process of refining the commercial models was continued in order to provide energy services in the electric vehicle segment for corporate fleets. In this way, two models to follow were defined: sales and leasing of electric infrastructure.

Based on these models, in the second semester of 2013, nine pieces of charging equipment were sold and installed in the Artio 118 new housing project.

Finally, in December 2013, the purchasing process was carried out for public charging equipment. It is hoped to carry out a pilot project with this equipment in 2014 and 2015, with the main objective to establish the frequency and features of its use. It is important to emphasize that, in principle, the economic model established for this project is essentially leveraged by advertising. That is to say, an agreement is developed with the country's main automobile companies, which put their name on the infrastructure related to the charging point and with this advertising, the civil and electric infrastructure, as well as the cost of the equipment is leveraged.

Electric Mobility Project – Colciencias: The project for the assessment of technology performance and operating conditions of electric vehicles (EVs) and associated systems for their operation in Colombia (EDCO-EVs) was started

in 2012. This project is included as an innovation project by Colciencias and represents tax benefits on 57% of investments that the Company makes within its scope.

The following activities were developed in 2013:

- The establishing the state-of-the-art technology, and the reviewing knowledge and the status of technology bases related to electric vehicles was completed. The technology gaps were also assessed, as well as the perspectives of new peripheral technology related to these vehicles.
- The testing methodology was established for measuring the efficiency and performance of electric vehicles in Bogotá. The procedures, instructions and results sheets are included here. Additionally, software was developed for the analysis of efficiency and performance indicators of the tests on the way for the different kinds of electric vehicles.
- The pilot tests were started to validate the methodology and also for the operation of the measuring equipment and recording information.

Commercial Quality

Results of the Regional Energy Integration Commission (Comisión de Integración Energética Regional, CIER) Residential Customer Satisfaction

Survey: The ISCAL result of 86.4% that the company obtained in 2013 represents the best performance achieved since the 2003 survey, positioning us at No. 6 in the Latin American ranking.

An increase was seen in all quality factors evaluated, principally in the areas of customer service, information and communication, and the Company image.

CODENSA - CIER Results 2013		
Satisfaction indicators	2013 Result	Difference 012-013
ISCAL - Quality Satisfaction Index	86.4%	+10.2 points
Supply quality	89.2%	+3.3 points
Invoicing	92.5%	+7.8 points
Service and communication	77.8%	+14.0 points
Image	88.5%	+13.1 points

This result was confirmed by the history indicator, which assesses the Company's level of improvement, in which 77.3% of the customers stated that CODENSA has been improving the quality of its products and services throughout the year (+11.9 points).

ISO 9001:2008 quality certifications: In 2013, the Company obtained the ISO 9001:2008 certification for the macro-processes of Commercial Development, Energy Management in the Wholesale Market, and Resale and Sales. With the above, all the commercial macro processes of the business line will be managed under the ISO 9001 Quality System.

It is highlighted that no non-conformities were reported in the Bureau Veritas report and the observations were minimal.



Continuous improvement model:

The training stage of the *Lean Six Sigma* methodology was implemented in 2013 in the *Yellow and Green Belt* grades, for the people of the distribution business.

This training is an essential part of the improvement model, which aims for individuals to become certified at different levels that will determine their skills and abilities to develop and lead continuous improvement projects.

For the *Yellow Belt* training, 3 workshops were carried out each lasting 16 hours, in which tools were taught for the control and follow-up of the Organization's processes, through techniques for the collection, measurement and analysis of data and Process Control Management. For *Green Belt*, an 80-hour workshop was carried out in advanced improvement methods and statistics tools.

Value-Added Products and Services (VAPS) Large Public

Insurance: The growth in the number of cyclical payment policies in 2013 was 9.7%, ending the year with 609,103 active policies. Additionally, Mandatory Traffic Accident Insurance (SOAT) of which resale began in June 2012, contributed 61,000 sales this year. In summation, the insurance line achieved revenue of \$ 13,870 million (\$ 12,968 million for Cyclical Insurance and \$ 902 million for SOAT) for CODENSA.

Publications: At the end of 2013, the estimated sales are 40,130 publications, taking into account the Televisa publications focused on handicrafts. This business line generated a revenue of approximately \$2,550 million.

CODENSA discount passport: In 2013, an invoice of the CODENSA Discount Passport was registered for \$ 1,101 million, with 28% growth.

McAfee: One of the other relevant facts in 2013 was the launch of McAfee VAPS, which allowed CODENSA to enter the digital business line. For this, a commercial alliance was developed with Compuredes for the resale, charging and collection of McAfee computer security tools. This service offers CODENSA customers the opportunity to protect their family and information from viruses, inappropriate information and network crimes. Approximately 1,870 licenses have been sold since August 2013.

Electric works: Advertising and promotion campaigns were developed in 2013 to advertise and promote our products, which made an important contribution to the positioning and promotion of the electric works portfolio, increased the volume of calls, offers and work, and allowed more people to know about the Company. They will value the benefits it offers and they will contact it to resolve the electricity needs that may arise. Out of the most important results, the following stand out:

- 6% growth from 2012 in placements in PRs (Payment Requests), with invoicing of \$ 15,593 million.
- Revenue of \$ 4,814 million (\$ 4,008 million from financial revenue and \$ 806 from commission revenue).
- 350,000 calls during the year.
- Implementation of around 35,000 works a year.

Induction stove cooking evaluation: This project aims to increase of the electric VAPS portfolio, adding to the *full electric range*. In this way, it aims to generate additional revenue for the company, promote and maintain the demand, and develop the cooking category with an efficient and novel device that improves quality of life and health through the use of clean energy which, at the same time, reduces levels of carbon monoxide emissions. The main results in 2013 were:

- Assessment of the pilot test, which produced excellent results in terms of customer satisfaction and product efficiency, which is why all the customers chose to keep the induction stove.
- Establishing a business model to follow, taking into account two markets (China and Spain) with the aim to offer a broad, good-quality portfolio to our different niches of the market; providing an incentive for the development of the electric cooking category.
- Selection of strategic partners for the Chinese (Synergy Home Appliances) and Spanish (CATA) markets.
- Start of the process of defining our own brand of electric-intensive equipment.
- Signing of a confidentiality agreement with a business partner to make progress in issues related to the research and current development of induction stoves in China, with the aim to sell devices with competitive and novel features for customers.

Used housing hot sanitary water devices: In 2013, we continued to perfect the used housing electric water heater business model, implementing three main strategies: Improvement of the value offer, expansion of sales channels and strengthening of the communications strategy.

Therefore, in 2013, approximately 3,900,000 inserts were sent in electricity bills. Additionally, in April and September, a specially offer was implemented, which consisted of reducing the price of the equipment by 100 thousand pesos. The result in sales was approximately 1,346 pieces of equipment, with a 1% increase from 2012.

New housing hot sanitary water devices: A pilot plan has been developed since July 2013 to communicate the strengths of electric-intensive equipment to the city's main construction companies. This management represented 30% of the annual placement, which defined one of the main opportunities that will be taken advantage of in 2014.

In 2013, 360 reinforced resistance showers were installed in an affordable housing project of the Amarilo construction company. This pilot project was fully financed by CODENSA and it was developed with the aim to measure the performance of the equipment as well as the people's satisfaction with the service provided by these devices. The results of these surveys will be used in 2014 as sales arguments for resale in new housing.

Increase in retention effectiveness: Retention effectiveness improved by 49%, going from 14.41% in 2012 to 21.49% in 2013. This improvement is due to the consolidation of the commercial focus given to the retention area, including fortnightly training sessions, weekly calibration sessions and



monthly incentive plans that promote and award the advisors' continuous improvement.

Implementation of portable devices for sales operations:

The change from paper to portable devices was made with the aim to increase customers' trust and security in our advisors, optimize sales times and increase the quality of data captured in registration. This system also allowed the control of the operation to be increased through the advisors' geolocalization.

In groups with paper, 9 advisors and one supervisor were needed, with portable devices, the number was reduced to 8 advisors with one supervisor, maintaining the average of 450 sales per group.



Telesales channel: The cost per sale of publications and insurance products was reduced in the management of VAPS telesales, from \$ 80,000 on average per month in the second semester of 2012 to \$ 57,411 on average a month in 2013. In this way, a 28% reduction was achieved in cost per sale in the call center channel. The above was a result of operating adjustments that allowed for greater efficiency in this channel's operations.

The objective of insurance and publications sales for the call center channel in 2013 was 77,227 products sold. At the end of the year, the result was 108,000 sales, thus fulfilling the annual target 120%.

During the year, 484 sales were made through the CODENSA website.

Crédito Fácil: In 2013, the Crédito Fácil CODENSA business line presented 13.18% growth in customers, achieving a total of 855,144 active cards by the end of the year.

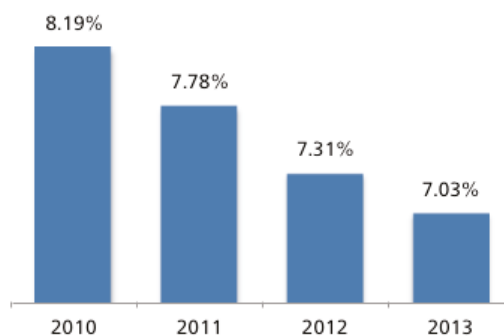
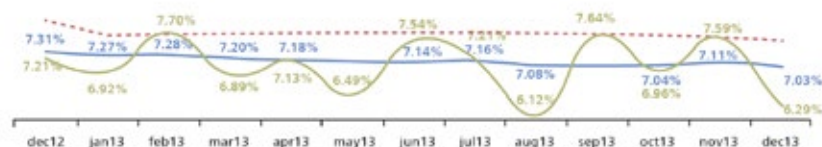
Invoicing during the year was \$ 1,087,660 million. The portfolio value at the end of the year was \$ 1,096,673 million.

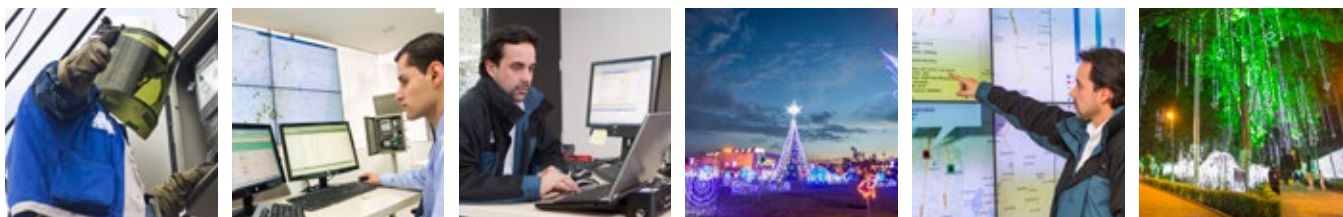
For the Company, Crédito Fácil CODENSA represented a revenue of \$ 25,931 million for the provision of services for invoicing, payment, and the administration of agency agreements.

Loss Control

Positive Development of the Loss Index

CODENSA has been making a constant effort to reduce energy theft, which is reflected in the development of the loss index, that in 2013 achieved 7.03%, a significant improvement from the 8.19% presented in 2010. This result shows the effectiveness of the investments made by the company in latest-generation technology and work angles aimed at reducing theft and under recording of energy. Therefore, the lowest physical losses in the last ten years were achieved and the Company consolidated itself as a model in the national market in this area.





Notable Activities

The following landmarks were consolidated in 2013, with a relevant contribution in loss management:

Macro metering in low voltage: In 2013, 449 macrometers were installed in low voltage exits of distribution centers where there are medium and high possibilities of finding users with under recording of electricity. In total, there are 30,847 macrometers installed in distribution centers, out of which 4% is installed in the rural area.

Loss control score –Latam: With the aim to establish mergers with other distributors of the group in Latin America, in January 2013, the project was started with CHILECTRA, EDESUR AND EDELNOR, to develop a *Score* model, applying statistics models used in CODENSA. During the year, two *Score* models were developed for both CHILECTRA and EDELNOR, in which the second model included new variables and calibration of the initial model after its assessment in the field.

Strengthening of the customer theft monitoring program: The monitoring of customer theft arises as a measure in light of the highly technical nature and

reoccurrence of customers in continuous theft. With the aim to be more timely and preventative of fraud, in the first semester of 2013, 2,949 active accounts were found, out of which 80%, i.e. 2,385, were installed by the Mantis infrastructure. On the other hand, out of the total active accounts, 264 are road tolls and out of these, 118 have Mantis backup equipment. The cumulative figure for the active accounts is 50 GWh/month, 17%. The accounts that contributed the most to the increases are the CODENSA customers who entered this program in 2010 and 2011.

Mantis Loss Monitoring Center:

The Loss Monitoring Center allows constant tele-surveillance of customers through latest-technology equipment that detects online the manipulation or under recording of electricity in the meter equipment. Mantis equipment was installed for 1,068 customers in 2013, with controlled energy of 179 GWh and an increase in invoicing of 8.3 GWh. Therefore, since the startup of the Monitoring Center, a cumulative figure of 2,391 customers was achieved and a global energy increase of 15 GWh.

Navidad sin pérdidas project: The Navidad sin pérdidas project started in October with the aim of implementing effective actions to mitigate the trend of an upswing in the rate of losses during the holiday season in Bogotá, and the municipalities of Sabana and Cundinamarca. The aim of this project was to ensure the correct recording and invoicing of electricity related to the increase in production and Christmas activities, as well as increasing CODENSA's presence in sectors vulnerable to the generation of under recording by increasing the culture of legality in customers.

To achieve this, 30 effective visits were made and 29 macrometers were installed, with which 50% effectiveness of the inspections was achieved, allowing a recovery of 2,047 kW of energy.

Q-Meter project: The Q-Meter project has the objective of implementing a plan to change the meter equipment, which due to the deterioration of the physical components may pose a risk to people and property.

It was planned to change 4,719 pieces of meter equipment in the year, focused on industrial, commercial and official customers. By the end of December 2013, 4,986 changes had been made, which represent 105% compliance.

Documents of the tender process to contract services for the loss control

inspection activities: During 2013, the inspection team developed new technical specifications for the provision of the service to incorporate the contracts of large customers and mass customers of the north and south areas in two contracts assigned to each of the two areas. This contract has the capacity to provide its services in the whole area of CODENSA's coverage and to comprehensively cover any kind of inspections of the Loss Control Division or of the Company's internal customers. This update included the implementation of lighter teams for work that does not require all the equipment of a comprehensive team. Additionally, sales teams on motorbikes were implemented to respond to inspections of large customers and other resellers, which achieved a reduction in the down time of operations that do not contribute to loss reduction. Another fundamental change was to include the operation of new activities which were not described in the current specifications and that generated a decrease of hourly mobilized team operations, which prevented us from objectively keeping a statistical record of the operations and their related costs.

Optimization of the management of consumption not recorded and

improvement in the expectation of the process's revenue: Throughout 2013, the Non-recorded Consumption Management Department developed several initiatives with the aim to improve its performance, with a lower amount of human resources than in 2012. Actions stand out such as the formation of roundtables to identify and standardize best practices, the implementation of computer tools automating the process, the implementation of quality control in each one of the subprocesses and the startup of work plans to increase productivity.

With the above, the total time of the process was reduced, so that between January and December 2013, 66.87% of the documents of the recovery of non-recorded consumption was analyzed, settled, charged, and invoiced in an average of 22 business days and 98.37% in 44 business days. This represented the improvement in the process's opportunity, from 3 invoicing periods in 2011 to one invoicing period in 2013.



Invoicing range	2011	2012	2013	Total
1 invoicing period	2.78%	32.20%	66.87%	39.10%
2 invoicing periods	30.55%	38.70%	31.51%	33.32%
3 invoicing periods	66.54%	28.92%	1.61%	24.91%
More than 3 invoicing periods	0.12%	0.16%	0.02%	0.10%
Invoicing pending	0.00%	0.01%	0.00%	2.57%
Total	100.00%	100.00%	100.00%	100.00%

Thanks to the plans implemented, the revenue generation expectations for 2013 were exceeded, as invoicing was achieved for sales charges and recovery of energy of \$ 10,267 million, when \$ 8,402 million was expected for the year. The increase in revenue did not imply deterioration in charging, on the contrary, the implementation of an effective customer proximity and conciliation system facilitated a charging index of items invoiced by the loss control process of 101.22% in the year.

Loss management in neighborhoods by incorporation:

The problem of unauthorized connections represents a focal point. Due to its growth, this plan proposes the widespread increase of the standardization of connections in non-customer users, ensuring the reduction and control of energy losses in neighborhoods by incorporation through collective management with the community service office and execution of projects to expand and build networks with Technical Management. At the end of December, 1,071 standardizations of connections had been made and 0.96 GWh of energy recovered. With Works and Networks, four expansion and construction projects were executed to serve approximately 400 users. Additionally, a financing agreement for works in neighborhoods by incorporation was approved and started.



Crescendo project: The Crescendo project of the operational excellency area of the Sales Transactions Department was developed. Its objective is to prepare plans that enable the improvement of profitability and efficiency of the current and new technical measures for the control of technical and nontechnical losses. Through data assessment and analysis, from the consumption performance in the customers' time, we established the lifecycle of the technical measures, the cost-benefit relation of each technical measure, and the current profitability of said measures by calculating their effectiveness and efficiency, generating improvement plans in five strategic lines:

1. High investment and low efficiency in the adjustment technical measure
2. Expected value of nontechnical losses
3. Optimization of the traceability model and economic assessment of the technical measures
4. Control and monitoring of efficiency and effectiveness
5. Investment in special technical measures

This project allowed inefficiencies to be detected in the process of some investments made and to structure the current economic assessment model, dynamically developing customer management based on the efficiency of the technical measure applied.

Tótem: The development of this project in the Connection Standardization Department allowed the needs of the other departments of the Loss Control Division to be identified, as well as the impact of our actions on the Technical Management departments with which coordination is required.

The objective achieved consisted of training, communicating and disclosing the solutions offered by the Connection Standardization Department to the members of the Loss Management process chain, attending to their requirements and generating feasible technical solutions for the benefit of the internal customers.

Additionally, training sessions were carried out on technical measures for the preventative maintenance, corrective maintenance, low-voltage operation and new demand departments of Technical Management, with which effective communication channels were established for on-site coordination.

MINT Project - Innovate and transform technical measures:

This project aims to provide technically and economically feasible solutions for the control and guarantee of electricity recording, through the improvement, innovation and implementation of new technology. The above focuses on current needs in loss management, ensuring the technical measures in network customers. In this respect, the following actions were implemented in 2013:

- **Mantis Satellite Pilot Project:** Test in plastic manufacturing in Soacha, without GPRS coverage.
- **Mantis Sensors:** Adjustment of 140 customers in NT2 cell.
- **Mantis Factor 1:** Adjustment of 250 NT1 customers.
- **MT Sensors:** Pilot assembly project in the CODENSA MV section of network.
- **Cervantes concentrated meters system:** Selection of customers and distribution center implemented in December 2013.
- **Split meter with RF technology:** Implemented with 60 customers
- **Meters on posts:** Implementation in neighborhoods by incorporation.
- **Telescopic network:** Assembly pilot project in Bosanova training center to implement in Soacha in 2014.

- **Split meter with PLC (Power Line Communication) technology:** Pilot project to implement in 2014.
- **IDU split meter:** To manage customers in central sectors where installation was done underground by the Urban Development Institute (Instituto de Desarrollo Urbano - IDU).

These initiatives generated the recovery of approximately 320,000 KWh of accumulated energy in 600 customers.

Commercial Investment Projects

Loss Control Project: Its objective is to consolidate the infrastructure that targets areas with energy losses in CODENSA's area of influence in Bogotá and the municipalities of Sabana, through the installation of active electricity measurement equipment (macrometers) in distribution transformers, so that localized energy balances can be made to identify and implement profitable technical measures in every area with a high level of theft. Similarly, the installation of monitoring equipment for customers with repeated intervention in their connections and meters is considered. By December 2013, 444 macrometers were installed, 1,068 monitored with Mantis, additional to those installed in 2011 and 2012, and the installation of 2,300 split meters.

Cundinamarca Loss Control Project: Its objective is to consolidate the infrastructure that targets areas with energy losses in the municipalities of Cundinamarca in CODENSA's area of influence, through the installation of active electricity measurement equipment in circuit centers (low and/or medium voltage), replacements and circuit sections, which allow localized energy balances to be made. The above is done to identify and implement the profitable technical measures in each area with a high level of theft and to reduce the likelihood of reoccurrence, as well as promoting the standardization of services in underdeveloped areas. By the end of 2013, 156 macrometers and 301 split meters had been installed and 382 facilities had been adapted.

Loss Control reinforcement: The objective is to implement profitable technical measures in areas where a high level of theft has been detected to reduce the likelihood of reoccurrence, with the aim to ensure maintenance of the time of energy recovered. By December, 1,182 split meters, 1,278 standardizations and 275 adjustments (diversion boxes, blankets and annuli) had been implemented.



Physical System Data

Overhead power lines	115 Kv - 1,131 Km Voltage 57.5 Kv - 116 Km Voltage
Substations	122 Power Substations 67,117 Distribution Centers
Power Transformers	HV: 231 Units - 8,875 MVA MV: 98 Units - 382 MVA
Distribution Transformers	67,727 Units - 8,710 MVA
MV Feeders	Urban 757 / 9,447 Km Rural 171 / 10,455 Km
MV and LV GRID	Overhead 41,875 Km Underground 5,852 Km

Quality Plan and Indicators

The principal technical measures taken in 2013, as per the 2011-2015 quality plan, were:

- Focusing on sections by reliability analysis.
- Grid automation (installation of remote-controlled equipment).
- Coordination of protection.
- Improvement of remote-control reliability.
- Construction and automation of substitutions.
- Repositioning of electrical infrastructure on medium-voltage lines.
- Implementation of technical measures in wooded areas.
- Action plan to mitigate the impact of harsh winter weather and windy, kite-flying seasons.
- Improvement of reliability in the Río Negro area of Cundinamarca.

The measures adopted ensured that the objective set for the year was attained with respect to regulatory indicators (variation in Annual Grouped Discontinuities Index, IAAD in its Spanish acronym), thereby complying with current requirements.

As for the performance of service quality measured through international indicators, an improvement in the frequency of

interruptions (*System Average Interruption Frequency Index* - SAIFI), and a lower length of interruptions (*System Average Interruption Duration Index* - SAIDI) were detected.

Regulatory Indicators

The regulatory objectives set for 2013 were achieved. Moreover, there was no drop in income arising from recognition of Management, Operation, and Maintenance (AOM, in its Spanish acronym) expenses, incentives for improved service continuity were maximized, and compensation for users who received deficient service was minimized.

It is estimated that positive incentives will be attained for improved service continuity in all four quarters of the year for customers connected to voltage level 2 or 3, and in the fourth quarter for customers connected to voltage level 1.

The following table shows the 2013 closure forecast for the global regulatory indicators; (on February 15, 2014 values were defined in accordance with the CREG resolution 097 of 2008, and those that amend or supplement it).

Closure Forecast - Global Regulatory Indicators

Indicator	Value attained	Variation from IAAD k-2 (reference)
IAAD k-1 Voltage level 1 [1]	0.002631	-0.68%
IAAD k-1 Grouped voltage level 2 and 3 [2]	0.000948	-8.2%

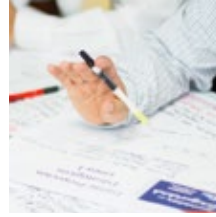
[1] Annual grouped discontinuity index, incidents arising from the local distribution system experienced by voltage level 1 customers, in accordance with the CREG resolution 097 of 2008 and others that amend or supplement it.

[2] Annual grouped discontinuity index incidents arising from the local distribution system experienced by grouped voltage level 2 or 3 customers, in accordance with the CREG resolution 097 of 2008 and others that amend or supplement it.



Relevant grid management milestones

- Colombia climbed 29 places in the Doing Business ranking for energy acquisition, with which we contributed to increasing the industry's productivity and competitiveness in the region.
- The Energy and Gas Regulatory Commission (CREG), by way of the CREG resolutions 053 (2013) and 136 (2013), approved compensation of the Florida Substation; La Guaca and Tunal 230/MV reserve transformers; and the 300 MVA fifth 230/115 transformer installed in Torca.
- Certification in the ISO 9001 (2008) standard was attained for Grid Operations and Maintenance processes.
- To serve the new airport in Bogotá, substations 3, 4, and 5, operated by OPAIN, started up prior to the inauguration of the Domestic Passenger Terminal. This attests to CODENSA's commitment to implementing projects in the capital city and around the country.
- The first testing point for electric vehicles was installed by Praco Didacol, and the first charging point was assembled in the Tercer Milenio Park.
- In order to guarantee service continuity in those cases that cannot be attended to from our networks due to grid damage, five generators were purchased for Bogotá Sabana and Cundinamarca. This will allow supply to be maintained in special cases, improving service quality and customer perceptions, with a favorable direct impact on the System Average Interruption Duration Index (*SAIDI*), and a similar effect on regulatory indicators.
- An operating scheme was implemented in synergy between different areas, which enabled better daily control and follow up of progress, monitoring effects on customers, and objects removed by areas of influence. In the implementation of this plan, 4,532 foreign objects were removed from medium-voltage lines, thus ensuring that 4,334,849 customers and 70,009 transformers were not affected.
- As a preventative action, submersible electric pumps and seals were installed in 23 and 19 substations, respectively, at risk from flooding. In addition, scheduled maintenance was conducted with Aquatech equipment on 159 substations susceptible to flooding.
- Academic validation of the Carson Grounding System project was developed, implemented and obtained, producing benefits in the form of a 96% reduction in failures from atmospheric discharges in distribution transformers. Recognition was received through the ÁMBAR Prize for research, as well as nomination for the Accenture Prize. At the study stage, more than 150 configurations for reducing transformer burnout were implemented.



Public Lighting

- A lighting repositioning scheme was established, marking the beginning of a preventative maintenance program in which 1,400 lights will be replaced.
- To improve security and lighting conditions, lighting was modernized on seven vehicular bridges, while the modernization of another eight continued.
- In 2013, 11,111 lights in 31 neighborhoods identified as insecure were attended to.
- Close to 160 public lighting expansion needs were identified, and 7% were followed up on.
- 40 LED lights were installed in the city center.
- The mass installation of electronic ballasts was started, beginning with the city center. Activities included: Change of photocells, change of lightbulbs, change of electronic ballasts, cleaning of lights.

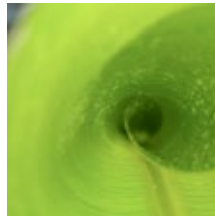
Operation

- In March 2013, the new CODENSA Control Center started operating. This project allowed the grid to be structured around new technologies and to offer significant benefits in system operation during large-scale contingencies.
- Moreover, important improvements were made at the Low Voltage Operation Center, such as: dual-screen computers to facilitate operations; development of an application that enables real-time calculation of average service time; and installation of a video wall to determine the geographical location of mobile devices on-site and average line failure attention time, among others.

- Comprehensively, technical systems are being modernized and tools implemented for network automation and management of maintenance and processes such as Emergency Response, New Demand, Remote-Control, and Information Management, all of which seek to reduce both the number of customers affected and customer service times.

Environment

- 2,870 tonnes of industrial waste were recovered and incorporated into other production processes.
- 7,470 trees were planted in the Endesa Forest as voluntary compensation for the use of paper in invoicing.
- Environmental Management System certification continued under the ISO 14001 standard.



Concordia Substation Event

On November 13, a failure occurred with a current in excess of 8,000 Amps, phase C-to-ground, at the Concordia substation. This situation caused the destruction of many of the cells and the transformer, which had to support the entire failure until it was resolved.

This event was responded to by a team of close to 200 people comprising operators, technicians and engineers who worked tirelessly throughout long shifts. This group was able to control the emergency, which affected 25,179 customers.

In this way, eight hours after the event occurred, normal service had been restored to 12,000 customers, increasing to over 80% of those affected before the 24-hour stage, and continuing progressively until service to all customers was restored after 5.6 days.

To respond to all customer requirements and concerns, the Company made 1,335 door-to-door visits in the area affected, and served over 1,330 people at the Mobile Service Offices located in the area and set up especially for customers in the sector. CODENSA has carried out the repair of more than 750 appliances, and the change of 28 meters and 131 connections, mainly in homes and businesses close to the substation.

Moreover, processes of identifying equipment that could not be repaired were carried out. The Company has also responded to 86 cases related to lost profit over the days that the incident lasted.

In the case of the substation recovery plan, the following activities are planned, with completion estimated for October 2014:

- Installation of power transformer
- Restructuring of Control Center
- Change of 11.4 kV Row 2 cell set
- Modernization of auxiliary services
- Change of 11.4 kV Row 1 cells
- Restructuring of Control Tunnel, 115 kV

In parallel to the substation recovery, an electrical infrastructure recovery plan for the center of Bogotá is being worked upon.

International Competitiveness Indicators

To supplement the regulatory requirements for service continuity, the international SAIDI and SAIFI indicators are shown in the table below.

Indicator	Unit	Value attained	Variation on 2012
TAM SAIDI Global[4]	Hours	11.3	+8.1%
TAM SAIFI Global [5]	Times	10.6	-5.4%

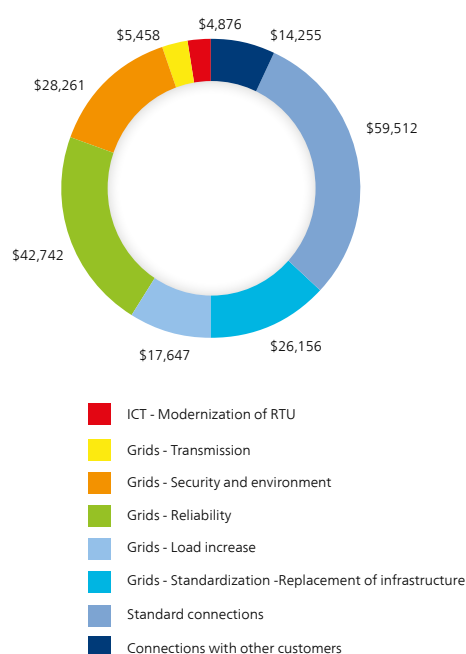
[4] System Average Interruption Duration Index, incidents caused by third parties, scheduled with and without customer notification, as per the calculation methodology determined by the Enel Group Common Continuity Indexes.

[5] System Average Interruption Frequency Index, incidents caused on average by third parties, scheduled with and without customer notification, as per the calculation methodology determined by the Enel Group Common Continuity Indexes.

Technical Investments

In 2013, the Technical Management invested \$ 198,907 million in projects oriented toward sustainability and growth of the distribution business. Emphasis was placed primarily on serving new demand, improving service quality and distribution system reliability, and complying with legal requirements, among other areas.

Placement of Investments 2013



The following are the most important of the investments made:

Connections:

- Of the 103,158 new connections that CODENSA made in 2013, 70,953 correspond to expanding the network for new residential, commercial, industrial and public-sector customers in urban and rural areas. These investments totaled \$ 59,512 million. Housing projects such as La Felicidad and Ciudad Verde, shopping malls, and work carried out as part of the airport modernization in Bogotá city stand out.
- In this process of establishing new connections, a 22% reduction in the response time was reported for connections that require feasibility, amounting to 76 days in 2013, compared with 98 days in 2012.
- Through an agreement with the Public Utilities Administrative Unit (UAESP), 984 public lighting



expansion work was carried out and 2,365 lampposts were installed. Moreover, by way of an agreement with the Institute of Urban Development, expansion work was carried out on Avenida Novena, Transmilenio Phase 3, and Calle 26. Work was worth a total of \$ 14,255 million.

Networks

Infrastructural Normalization and Repositioning

- With a view to improving service quality and guaranteeing continuity in the electricity supply, 434 distribution transformers were changed in the urban areas of Bogotá and Sabana, while in the rural area 1,648 transformers were changed and 4,759 structures were worked on due to obsolescence or loss of useful life. These activities were worth a combined total of \$ 26,156 million.

Increase in Capacity

- CODENSA put two 25-MVAR capacitive compensation banks in operation, with 115 kV harmonic filters. The operational startup of these assets ensured that maximum demand was met in 2013, and that this was achieved on time is a sign of our Company's commitment to attending risk mitigation measures established in Colombia's electricity sector in 2013 and 2014. The investment exceeded \$ 5,000 million.
- Seven circuits with chargeability in excess of 85% were worked upon, which included activities such as repowering, equipment installation, and ring construction to limit the number of customers affected. These activities cost \$ 4,939 million.
- To serve the growth in demand in the areas of influence, the capacity of four substations was increased, while remote-control and power equipment was modernized, which required an investment of \$ 2,629 million.

Reliability

- In 2013, ongoing work was carried out in designing strategies based on improving system quality and reliability. Some of the measures implemented were outlined in Point 2 of the Quality Plan, Measures, which in conjunction with operating coordination, allowed the objectives related to regulatory indicators (variation in IAAD) established for the year to be met, thereby complying with current requirements. Investment in these areas exceeded \$ 25,000 million.
- Work was carried out at seven substations for the replacement, repositioning and normalization of equipment in the high-voltage system at HV/MV and MV/MV substations and 57.5 y 115 kV lines, as well as civil works to adjust power transformers (fire walls, oil pits); update of protection system; auxiliary services; replacement of MV cells; replacement of circuit breakers and disconnectors; implementation and normalization of remote-control; replacement of battery chargers and banks, etc. This work was worth a total of \$ 9,884 million.

- In order to supply the 115 kV and 57.5 kV grids with the physical and IT infrastructure necessary to minimize untimely disconnection of vital elements (lines, transformers, bus work), remote-management was implemented in 18 substations, encompassing a total of 425 protective relays, while equipment was purchased for a further six substations. These activities cost a total of \$ 2,623 million.
- To mitigate remote-control outages caused by failures to battery chargers and communications between the substation and the Control Center, 70 rectifiers and nine devices with back-up solar generation were installed. These activities cost \$ 1,687 million.
- With a view to improving the quality of the Local and Regional Transmission Systems, the protection systems of 120 Distribution Centers were improved at a cost of \$1,200 million.

Regulations, Safety and Environment

- To comply with government legislation stipulated in the Land-Use Plans for the capital city and surrounding municipalities, work totaling \$ 12,497 million encompassing underground grid placement, the Tocancipá Land-Use Plan, and recovery and road network work was carried out.
- Electrical infrastructure work affected by the construction work involved in the Ruta del sol, Sabana de occidente, Bogotá-Girardot, and Briceño-Tunja-Sogamoso concessions was carried out, with

a total value of \$ 3,490 million. These formed part of cooperation agreements between the various concessions and CODENSA.

- Network automation was continued with the aim of reducing failure identification and service reestablishment times, increasing the useful life of assets while reducing the number of interruptions, and enabling efficient network operation under normal operating conditions and contingencies. Thus, throughout 2013, and in compliance with the regulatory system (CREG resolution 043), 150 sectioning devices were installed for CODENSA's overhead and underground distribution grids. These activities totaled \$ 6,658 million.
- In compliance with the Stockholm Convention, distribution system equipment identified with PCBs was eliminated. 307 low-voltage transformers with contaminated oil were changed, at an investment of \$ 2,833 million.
- Earthquake resistance work was carried out at two substations, at a cost of \$ 1,040 million.

Transmission Projects

The total archaeological rescue of lots where the project will be implemented was carried out as part of the CODENSA Expansion Plan, attending to growths in demand in the medium-term, and increasing service quality, security, and reliability.

For Bogotá and Cundinamarca, the Nueva Esperanza substation is under construction. This occurred after the Autonomous Regional Corporation approved exploitation of the Comprehensive Management District, and the extraction of the forest reserve that protects and feeds the Upper Basin of the Bogotá River was approved by the Ministry of Environment and Sustainable Development with the endorsement of the Colombian Institute of Anthropology and History (ICANH).

ICT - Technical Systems

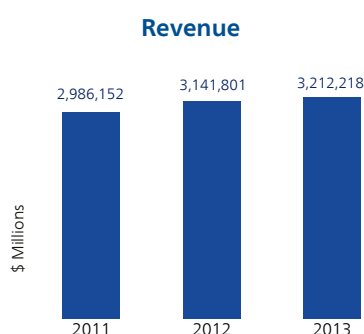
With the aim of improving Control Center operating performance and thus service quality, communications loaders were renewed and remote RTU management was modernized at the substations, with a total investment of \$ 4,876 million in 2013.





Financial Results

In 2013, revenues totaled \$ 3,212,218 million, broken down into \$ 3,009,353 million for energy service sales and \$ 202,865 million for other related services. Total revenue increased by 2.2% compared to the previous year.



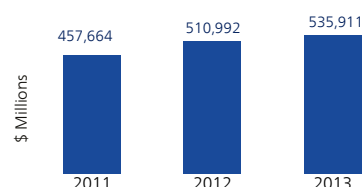
Sales costs rose to \$2,276,912 million, increasing by 1.81% from the previous year.

Meanwhile, management expenses increased by 5.75%, reaching the figure of \$81,185 million. Its increase was primarily due to updating of salaries, increased spending on depreciation and amortization, and the allocation for inventory provisioning.

In 2013 CODENSA generated an EBITDA of \$ 1,108,179 million, 1.76% greater than that generated in 2012 and equivalent to a 34.5% margin over revenues.

The Company's net profit for 2013 was \$ 535,911 million, which equated to a 4.9% increase compared with the same figure reported the previous year. This was principally on account of lower financial spending following redemption of bonds in 2013 and low inflation, the indicator to which the entire Company debt is indexed. With the 2013 results, CODENSA achieved 9.69% profitability on total assets and 17.02% on total equity.

Evolution of net profit



As of December 31, 2013, total Company assets were \$ 5,527,962 million, and available assets totaled \$ 696,296 million at the end of the year.

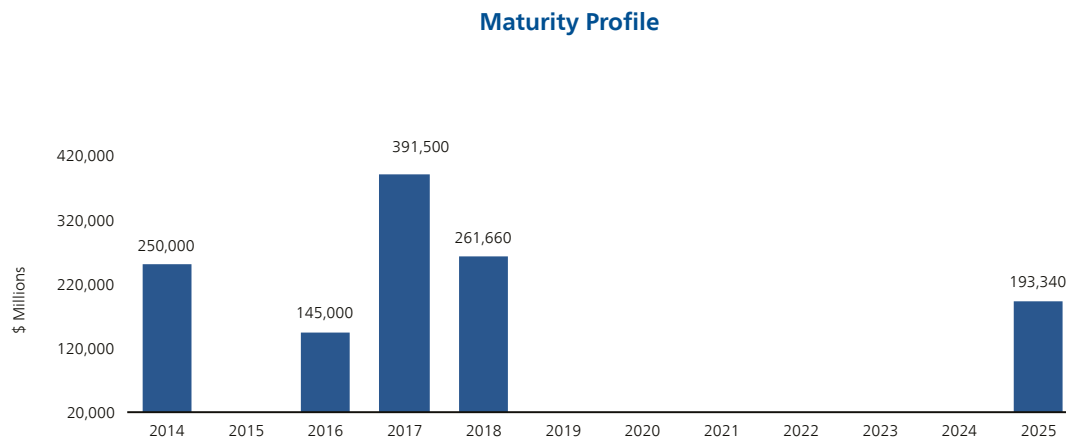
In 2013, \$ 237,356 million worth of investments were made, focused principally on developing the grid to respond to growth in demand for the service, improving service quality, and loss mitigation.

Total liabilities stood at \$ 2,379,530 million, which represented a 6.5% increase over the close of 2012. Financial debt totaled \$ 1,241,500 million as at December 31 2013, of which \$ 250,000 million, equivalent to 20% of the total debt, has short-term expiry. Meanwhile, the Company's equity totaled \$ 3,148,432 million at the close of 2013.

The Company maintains its policy of minimizing income statement exposure to exchange rate variations, as part of which 100% of its debt was concentrated in Colombian pesos at the close of the year. Moreover, 100% of the debt was indexed to the CPI.

The average cost of the debt at the close of 2013 corresponded to a 6.93% APR, below 2012 levels, due principally to the lower level of inflation at the close of the year and to lower rates of interest obtained in the bond issue of November 2013.

Below we set out the maturity profile scheduled as at the close of December 31, 2013:



The Company's pension liability at the close of 2013 was \$ 199,581 million, and is 100% provisioned.

Dividends

On March 20, 2013, the regular General Shareholders' Meeting approved the distribution of profits from the period January to December 2012, representing \$ 510,992 million. Dividends declared were equivalent to \$ 3,841 per ordinary share and \$ 180.98 per preferred share. In the first two months of 2013, CODENSA paid out the final tranche of dividends corresponding to 2011 profits, equating to \$ 113,449 million, and between June and December 2013 paid out 75% of the dividends declared for 2012 net profits, amounting to \$ 383,245 million.

Issuance and Maturity of Securities

On February 17, 2013 CODENSA amortized the maturity of the first stage of the first round of the Bond Program at a value of \$ 80,000 million, issued in February 2010 with the Company's available cash resources.

On November 15 and 18, 2013, the Company placed the issue of a second stage under its local bond program for \$ 375,000 million, in two rounds: i) a first stage through the Dutch Auction with demands worth \$ 1,065 trillion, equivalent to 3.9 times the initial amount offered; and ii) a second stage through the Firm Demand mechanism with demands worth \$ 529,000 million; that is, 5.29 times the initial sum offered.

The total of the second stage under the local bond program was awarded in two periods: one of five years (2018 maturity) worth \$ 181,660 million at a rate of CPI + 3.92% APR, and one of 12 years (2025 maturity) worth \$ 193,340 million at a rate of CPI + 4.80% APR.

The total resources from the issue was utilized to partially address the Company's debt maturities totaling \$ 411,000 million, of which \$ 161,000 million corresponded to bonds maturing on December 11, 2013, and \$ 250,000 million to bonds maturing on March 11, 2014.

Current Ratings

Fitch Ratings Colombia S.A. affirmed a AAA+ rating for CODENSA's long-term national scale rating and maintained its stable outlook. The ratings agency also ratified the AAA rating of the Company's First Bond Issuance of \$ 500,000 million, Second Bond Issuance of \$ 650,000 million, and Third Bond Issuance of \$ 350,000 million, as well as the Ordinary Bonds Program worth \$ 600,000 million. The rating assigned reflected the Company's sound competitive position, the low-risk business profile, strong credit-protection metrics, high liquidity, and the backing of the Endesa group (international rating of BBB+ by Fitch) in terms of know-how and good practices.

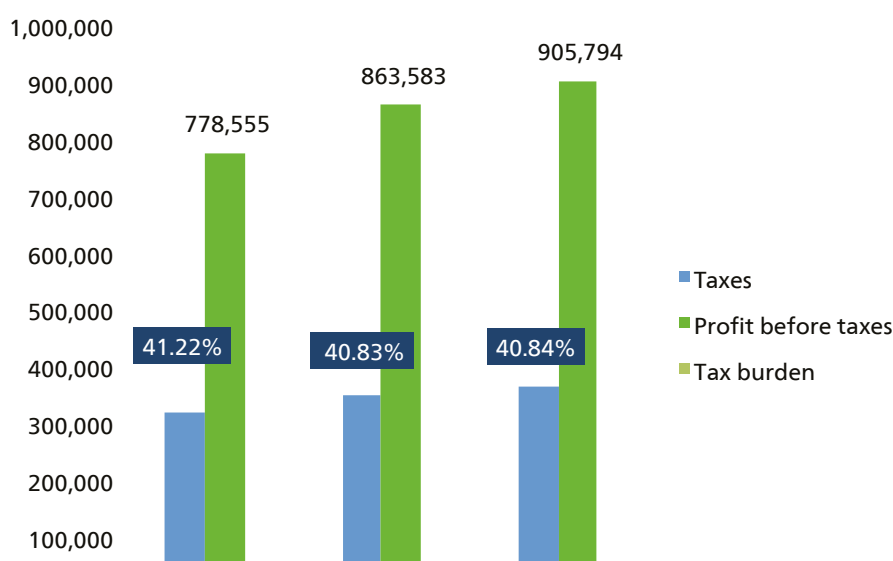
In August 2013, Codensa received IR recognition (Investor Relations) from the Colombian Securities Exchange (BVC) for voluntarily improving its management models for information disclosure and investor relations beyond local legal requirements, and for making quarterly and yearly information available to investors in English and Spanish on the companies' websites. CODENSA was one of five fixed income issuers recognized with this distinction, among 29 issuers awarded.

Tax Management

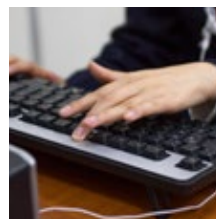
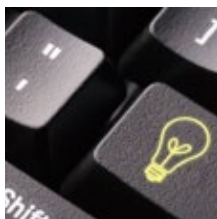
In 2013, the Company was audited by the DIAN based on its tax returns for 2010. Through this process, the Company demonstrated to this agency that it correctly applied tax regulations.

The work started in 2013 relating to close support of the public lighting area was continued into 2014, with the aim of reducing the risks associated with collecting the public lighting tax as a means of financing the service. Moreover, the drafting of a bill in agreement with the different unions aimed at regulating taxes on public lighting and its collection was continued.

The tax burden shouldered over the last three years is shown below:



Figures in millions of Colombian pesos



Progress on Applications

In 2013 the Administration and Finances Management implemented the E2Bank and Invoice Projects based on corporate tools, which have had a wide-ranging impact on the daily performance of Management operating activities.

Invoice Project

In March 2013, for the management of accounts payable to Company suppliers and employees, a document management system known as Invoice was implemented, enabling automation, validation and transfer of data to the financial and economic system (SAP) from the point of invoice submission through digitalization, thus optimizing the time allotted by the Company to these areas.

E2BANK Project

A banking management platform, E2Bank - based on the Society for Worldwide Interbank Financial Telecommunication (SWIFT) - was implemented, through which the stages corresponding to the bank deposit and payment system were carried out. Significant improvements were achieved in information exchange activities with banking entities, under effective security systems.

Internal Control

In 2013, the Internal Control Unit (UCI) coordinated self-assessment of the Internal Control model in compliance with Law 262 - the Italian equivalent of the Sarbanes-Oxley Act (SOX) - for the first and second semesters, obtaining internal certification without control deficiencies for the Company.

The Internal Company Audit and the External Audit audited the relevant Company processes through design and operability tests on controls. As a result of these reviews, improvements were suggested and incorporated into action plans. At the close of the period, these plans were implemented with the purpose of ensuring that external period-close certification does not contain significant or material control deficiencies.

In 2013 the Internal Control Unit (UCI) managed the Governance Risk Council (GRC) project related to the objectives of good corporate governance, and specifically, with the assurance of adequate division of functions in the systems that support the Company's negotiation processes. The GRC process ended in December 2013 for all systems, except for SAP-ISU which will conclude in the first semester of 2014.

Implementation of International Financial Reporting Standards (IFRS)

In 2013 the Company started the process of implementing International Financial Reporting Standards (IFRS), defined in the framework of Law 1314 (2009) - the Convergence Law, as well as Decree 2784 of December 2012. The company's implementation of the IFRS brings significant benefits through the opening up of international financial markets and stakeholders through comparable, reliable and transparent figures and reports, under an international standard than enables participation on an equal footing with other companies. In consideration of the complexity and impact produced throughout the Company by IFRS implementation, the Administration and finances Management assembled a core implementation team with a multidisciplinary approach. The team has been working on local and international roundtables and draws on the support of Enersis, Endesa, and Enel. Further support is provided by external consultants with ample expertise in IFRS transition processes. For implementation of the IFRS project, the following aspects have been taken into consideration and developed:



Policy design and definition: The definition of accounting policies is a fundamental part of implementing IFRS standards. This task is highly complex and requires professional judgement to establish even the slightest of recognition systems for the various financial transactions, so as to optimize results at operating and financial levels. The following activities were carried out as part of this milestone:

- Ernst & Young carried out an IFRS implementation assessment for the Company.
- Benchmarking was carried out with recognized energy-sector companies, establishing parameters and best practices in the transition to IFRS.
- Local and international roundtables are reviewing one of the most significant topics - property, plant and equipment - as well as other areas of impact from an accounting, financial and fiscal standpoint.
- Communications plan: The plan entails a comprehensive scheme that includes the change management process. It seeks to involve stakeholders who take part in the process through written, audiovisual and multimedia communication channels.

- Information systems: In 2013 the Company began the technical update process to SAP version 6.0, which allows the provision of further support to the implementation process. At the close of 2013, Information and Communication Technology was asked to complete the necessary development of property, plant and equipment.
- Training Plan: The training of work teams and impact groups is a fundamental premise for achieving effective implementation and post-implementation of IFRS standards, forming part of an initial two-year plan. To date training has been provided to the accounting area and impact groups.
- Shareholders' Report and control entities: The final outcome of the project manifested itself in the preparation of and compliance with financial reports, which includes the submission of the opening balance within the first semester of 2014, as well as those reports required by the control entities that report quarterly and, finally, issuance of the first financial statements closing on December 31, 2015.

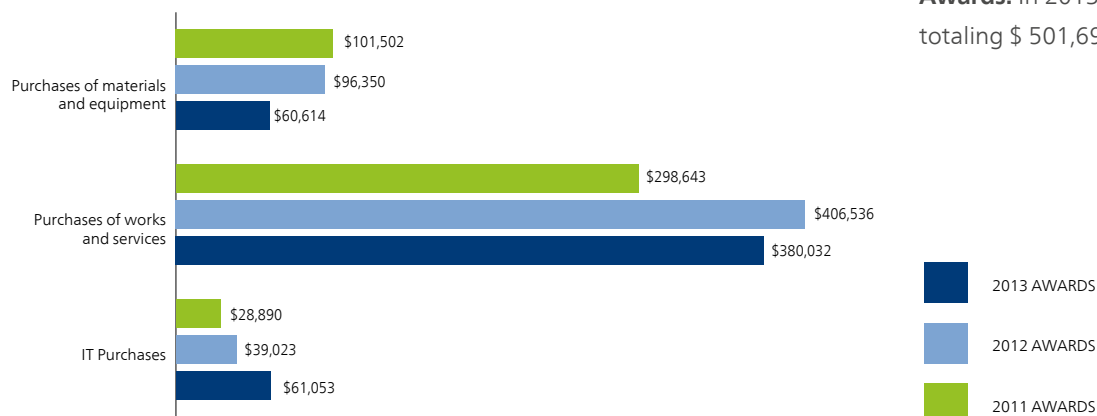
Administration, Finances, and Control Management

In the second half of 2013, the Administration, Finances and Control Management area was created as part of a new organizational model, under the leadership of Aurelio Bustilho de Olivera. This new Management area encompasses those of Administration and Finances, led by Juan Manuel Pardo; Planning and Control, managed by Leonardo López; and Fiscal, which has Carlos Ruiz in charge. These individuals will continue in their positions, reporting directly to Aurelio Bustilho. This restructuring seeks to guarantee the Company's financial, management, and administration activities and to harness possible synergies between the areas. In recent months and as part of the integration process, the Company's mission, vision, and objectives for teamwork with Management have been worked upon, as have integration activities.



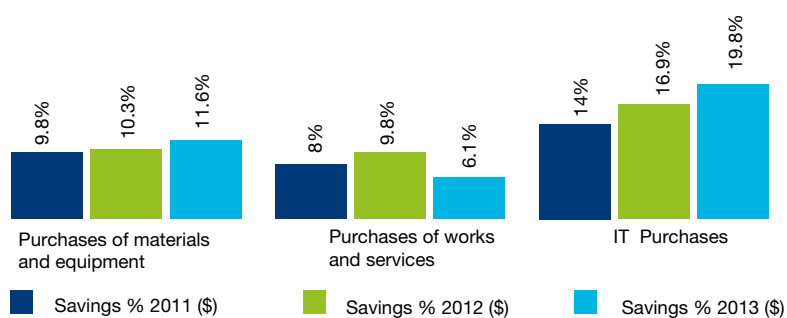
Main Indicators, 2013

Awards CODENSA 2011 - 2013



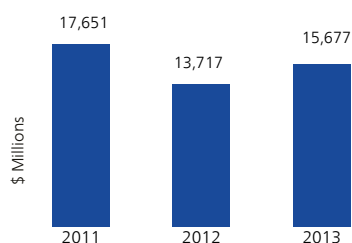
Awards: In 2013, awards were made totaling \$ 501,699 million.

Savings CODENSA 2011 - 2013



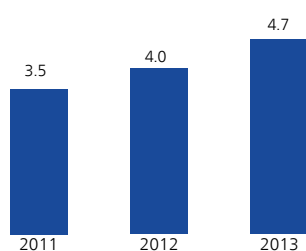
Savings management: In 2013, savings of 9.1% were obtained compared to previous purchases.

Stock Value



Inventories: The inventory of material in stock assessed at CODENSA at the close of 2013 reached the figure of \$ 15,677 million.

Turnover Index



Inventory Turnover: The inventory turnover in 2013 was 4.7, beating the target set for the year (4.0). This was thanks to stock management, support provided through periodic meetings with requesting areas, and material planning follow-up.

Main Actions, 2013

In 2013 work was done on conception and implementation of the Category Management plan for the material and equipment purchasing portfolio. This revision aimed to optimize purchases and resources and to establish an integrated vision of the needs of Grupo Enel companies in Latin America, operating under a regional purchasing system. The chief benefits of this project entail specializing regional categories, achieving synergies in purchases, standardizing processes, providing dedicated representatives for suppliers, ensuring a global vision of purchases (processes per family), and facilitating transformation from a regional to a global family.

Also in 2013, the SAGA7 portal was consolidated as the main tool for managing purchases, which has been evolving continuously, adapting to inherent business dynamics. New purchasing organizations were implemented on a global basis, which has enabled optimization of purchasing processes regionally and internationally. The gradual implementation and development of electronic bidding through SAGA7 was worked on, ensuring that our suppliers participate in bids whose traceability guarantees equal opportunities and more efficient purchasing processes.

A schedule for monthly control and follow-up of contract execution was implemented, allowing decision-making to be anticipated and bid planning processes to be scheduled alongside the different user areas.

With respect to foreign trade, CODENSA was officially recognized as a Permanent Customs User (UAP, in its Spanish acronym), which will enable swifter processes for the introduction of imported goods and lower costs of storage in customs warehouses.



Purchase Management

Purchase of materials and equipment

Some relevant processes in 2013:

- Award of the purchase process for lighting with electric ballast, with supply commencing in June 2013. These devices enable lower failure rates and public lighting outages, as well as remote management.
- In November the award was made for equipment as part of the Bacatá II project so as to guarantee the substation's startup in October 2014.
- Award of polymeric posts as an alternative to metal posts.
- Immediate response to energy supply emergencies for the Concordia substation.

Information Technology Purchases

Management in this portfolio for much of the year was centered on supporting the General Management of Systems and Communications in channeling the needs of the distribution business, both in technical and commercial terms. Worthy of note is the award to supply mobile equipment and accessories in November 2013, as well as the provision of equipment warranty, technical support and maintenance services. All of the above amounted to \$ 9,105 million, which represented a 23% saving over the previous purchase. This mobile solution will provide benefits in terms of reduced response time, and streamlined administration and information processes in real time.

Purchases of services and works

For the first time a bid process was held for the collection service in the rural area of Cundinamarca; this service had previously been provided by a sole supplier. This aided the identification of suppliers with technical capacity for providing the service, and validation of market prices.

Also noteworthy is the support provided for business operations, attending to critical processes that require intervention in cases such as: The anticipated termination of the technical operations contract in the south of Cundinamarca; the discovery of archaeological remains in the Nueva Esperanza substation site, resulting in the delay of its operating startup and prompting the construction of a second stage of the Bacatá substation; and the installation of capacitive compensation banks in the Usme, Tibabuyes and Bacatá substations. Also worthy of mention is the hiring of additional suppliers to reinforce the Technical Management Quality Plan.

Finally, and with the aim of improving and guaranteeing the safety, quality, availability and uniformity of regular and fire retardant clothing worn by employees of contractors, a bid process was held which encompassed all outfitting needs of Company and contractor staff. This enabled a 16% reduction over previous purchases by taking advantage of the economy of scale.

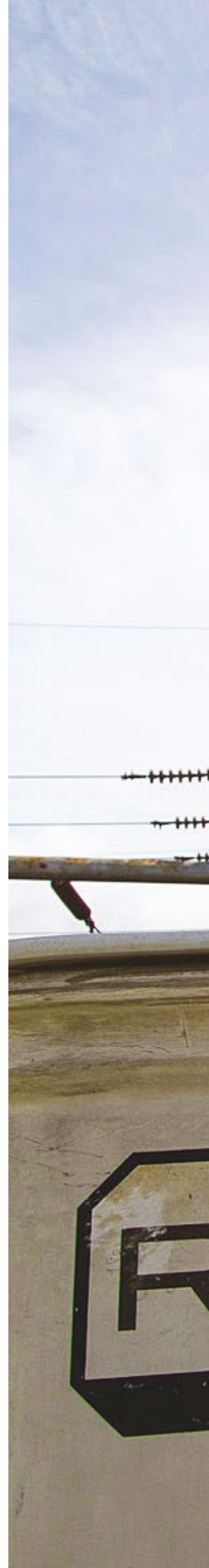


Supplier Management

- The Corporate Qualification Model was implemented, which has the aim of assessing legal, economic and financial aspects of potential suppliers of goods or services, prior to a bid process. In 2013, 57 suppliers were qualified in the work and service areas.
- 19 new suppliers were vetted for six families of goods and services in 2013, allowing greater competition in the different bid processes.
- The On Site Audit Program was developed. This program is an occupational health and safety audit model that seeks to assure effective application of the safety management system in the workplace.

Logistics Management and Purchase Support

- The new contract for the service of repairing CODENSA's distribution transformers entered operation. Its cost of \$ 4,596 million represented a saving of 12.4% versus the previous cost for the same standard of service.
- Through the distribution transformer repair service, CODENSA recovered 1,790 transformers for a total of \$ 2,569 million, obtaining savings of 36%, or \$ 1,462 million, compared with the cost of purchasing new equipment.
- With respect to the analysis and disposal of obsolete materials, 100% of such materials allowed for in the 2013 Industrial Plan and Budget were disposed due to obsolescence to CODENSA (\$ 705 million). The sale of these materials allowed the Company to reduce its annual storage costs by \$ 110 million.
- Solid waste management carried out at CODENSA in 2013 produced income to the Company through the sale of scrap for \$ 1,335 million, including VAT.
- There was participation in the Operating Excellence project (Material management), in which planning indicators, level of attention to recurring items, turnover, items with open orders, and items at risk of stockout were developed and adjusted. Moreover, instruction sheets on planning, material preparation, and necessary stock were prepared.







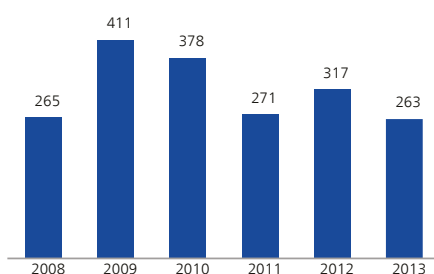
CODENSA Development and Selection

Selection Process

An effectiveness of 97% was attained in the selection processes throughout 2013, which was down on the indicator of 3% for 2012. The corresponding figure for 2011 was 92%, with 92% in 2010, 78% in 2009, and 60% in 2008.

Below we provide a historical analysis of CODENSA's selection processes from 2008 to 2013.

Comparative selection processes



CODENSA	Contract type		
	Direct	Students /Apprentices	Temporary
2008	105	119	41
2009	184	138	89
2010	153	156	69
2011	83	117	71
2012	96	162	59
2013	72	109	91

A retention rate of 97% of enrolled candidates was achieved in 2013.

Internal contests

In 2013, development opportunities were provided to Company employees, with 44% of vacancies covered internally.

CODENSA	Vacancies covered	
	Internally	Externally
2008	25	80
2009	74	110
2010	44	109
2011	33	50
2012	17	79
2013	56	72

There were 56 staff promotions managed according to the selection area, while the personalized feedback process continued for 90% of candidates so as to inform each one of strengths and areas for improvement and strengthen contest transparency.



Brand Pride and Hiring

As a means of building brand pride, the Company was presented at ten job fairs held at a number of recognized educational institutions throughout the country with the professional profile required by CODENSA.

Employment pools and job fairs were our main hiring sources. We also drew on the Company database, referrals, publications on job portals, Facebook, and universities.

The Company took part in the COLFUTURO job fair, focusing on the search for curriculum vitae of professionals with postgraduate or master's degrees in first rate foreign universities. 300 curriculum vitae spanning different administrative, commercial and technical areas were received.

The Company was featured in a special supplement on the energy and hydrocarbons sector, as part of the brochure on the 100 best companies according to the Merco survey.



Equal opportunities in terms of gender and disability

The percentage of female hires versus total external recruitment was 36.1% in 2013, exceeding the target of 30.55% set for the year.

The Company hired four individuals with visual impairment, who are engaged in a training process to qualify as administrative assistants.

The Crecer+ program was implemented to work with the population at risk of social exclusion, in which 87 young people were trained on topics of employability. Participants included Company apprentices and youths from social management foundations such as Niños de los Andes and Fundación Fundea.

Corporate Environment

The Great Place to Work survey was applied at CODENSA in 2013, with a participation percentage of 99%. The results of this study were revealed to employees in February 2014. In 2013, the Colombia 2013-2014 action plan was worked on, which was based on the results of the surveys applied in 2012: Great Place to Work and the 2012 Global Survey on Workplace and Safety. The plan included eleven initiatives oriented toward improving perception of: Personal development, change management, and meritocracy.

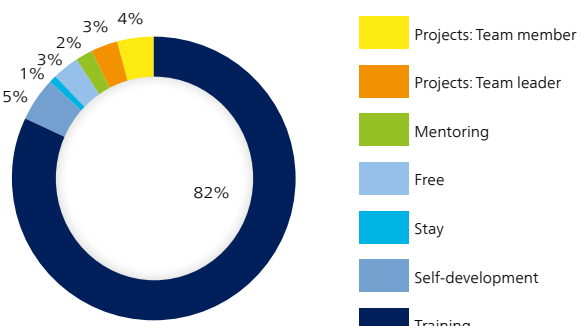
Performance Management

In order to strengthen workers' skills and abilities, performance assessments were applied to direct employees. This helped to consolidate strengths, identify improvement opportunities, and foster personal development. In 2013, through the performance management assessment (Performance Review Process), 86.21% of employees were assessed.

Those who did not participate in the assessments had permanent union exemption, tendered their resignation or retirement prior to the assessment date, or started at the Company after September 30, 2013 and thus had not agreed upon objectives and could not be assessed inside the year of appointment.

In 2013, managers were accompanied by employees to define actions to work on Individual Development Plans (IDP).

At CODENSA, 876 employees have an Individual Development Plan established in the system, giving a total of 2,952 actions to be carried out. Shown below is the percentage of actions established for all Company employees.



Leaders Program

With the aim of strengthening the skills and behaviors of leaders of the companies, a special program is being carried out each year that covers leadership methodologies and training. These initiatives include the Universidad de Los Andes Managerial Skills Program, attended by 24 of CODENSA's leaders; development methodologies such as Coaching processes (312 hours of Coaching, 32 workers involved in 2013) and Mentoring (140 hours, 21 leaders involved in 2013); and the Anatomy of a Manager program, offered mainly in 2014 with 64 of CODENSA's leaders participating in the first module in 2013.

Internal Tutors Program

The program objective is to train internal tutors as mentors of other workers so as to support them in strengthening their competencies of impact, influence, and communication, and to carry out activities for assuming risks and responsibilities. In 2013, the program was strengthened in the Company, and the training of new tutors and reinforcement of existing ones in the competencies and methodology of molding continued.

Quality of Life

Family-Responsible Company (EFR, in its Spanish acronym) Certification

CODENSA was certified again by the Fundación MásFamilia as a Family-Responsible Company, in recognition of the implementation of a new social and corporate culture based on flexibility, respect and commitment to workers. Its quality of life policy, which consists of a management model oriented toward positively impacting the quality of life of workers, was strengthened by promoting the balance between personal, family and working life through initiatives that provide workers and their families with opportunities for integration and wellbeing.



This year the EFR survey was applied with the aim of assessing the perception of workers of the quality of life policy. The results were as follows:

- 97% of workers felt that the Quality of Life portfolio helped to strengthen the balance between working and family life.
- 87% of workers state that their direct boss is committed to a culture of balance between working and family life.
- 95% of workers state that CODENSA is committed to balance between working and family life.
- 99% of workers believe that CODENSA should continue to create initiatives that contribute to the balance between working and family life.

In 2013, programs were implemented to enable provision of opportunities for integration and wellbeing to workers and their families, which included sports activities (ecological treks, sports tournaments, adventure activity), recreational activities (flying days program and recreational vacations), and cultural activities (art route and cultural breakfasts), among others.

Programs intended for workers and their families were implemented and strengthened.

Participants in recreational, sporting and cultural activities	
Sports activities	2,312
Recreational and cultural activities	4,997
Junior energy explorers	18
Career guidance workshop	15

This year, there was an increase in the number of participants in different sporting, recreational and cultural activities. Overall, the participation of workers and their families increased by 25%.

Participation flexibility measures	
Caring for sick family member	61
Birthdays	184
Balance Days	1,450
Flexible schedule	230
Postnatal Fathers	3
Gradual postnatal return mothers	5
Telecommuting	86
Halloween with children	237
Overall total	2,256

In 2013 there was a considerable increase in the use of measures reported by CODENSA workers. In 2012, 854 persons were reported as using flexibility measures, while in 2013, 2,256 flexibility measures were registered, representing an increase of 164%.

This year, new initiatives implemented included the following:

- Vacations loan
- Loan to guarantee children's university education
- Integration of housing and assigned-value vehicle loans

Corporate recognition program

"Gente con la mejor energía" is a program that aims to highlight the good attitude and commitment of workers, and to identify, value and make evident their effort and differentiated contribution.

In 2013, 65 winners were recognized in the categories of 'Buena onda' and 'Inspira', accounting for 4% of the payroll. The participation of 55% of voters was achieved during the program.

Loans

In 2013, the Company contributed economic resources totaling \$ 12,691 million in loans to employees, across different lines of credit distributed as follows:

Loan type	No. loans provided	Value remitted
1st Home, unionized workers	51	4,338,643,493
1st Home, comprehensive workers	25	2,593,763,522
2nd Home, unionized workers	11	604,060,772
2nd Home, comprehensive workers	12	1,086,825,928
Training loan	50	322,061,874
Vehicle loan	93	2,841,839,150
Higher education loan	68	482,606,711
Dental loan	11	31,687,400
Disaster loan	11	71,831,600
Vacations loan	59	317,909,848
Overall total	391	12,691,230,298

Scholarship for excellence

Two scholarships for academic excellence were provided to the best students among employees' children with ICFES academic grades that exceeded the best nationwide results by at least 20%, in accordance with the parameters established by the ICFES.



International postings

International travel – Colombians abroad

Type of travel	Country of origin	Country of destination	Number of employees
International development	Colombia	Chile	1
	Colombia	Spain	1
	Colombia	Italy	1
Long-term expatriate	Colombia	Brazil	1
	Colombia	Chile	2
	Colombia	Spain	5
	Colombia	Italy	3
Total			14

International travel – foreigners in COLOMBIA

Type of travel	Country of origin	Country of destination	Number of employees
International development	Chile	Colombia	1
	Spain	Colombia	1
Long-term expatriate	Chile	Colombia	6
	Brazil	Colombia	1
Total			9

Volunteering

The Human Resources Management raised awareness among employees to encourage them to volunteer their time and efforts to social actions that benefit the community. In 2013, three initiatives were held to which 80 CODENSA employees dedicated 480 working hours.

Adopta un angelito de Navidad (*Adopt a Christmas angel*)

At Christmas, 447 gifts donated by CODENSA employees were donated to children and grandparents from six foundations located in Bogotá, Chía, and Mesitas del Colegio. The delivery of these presents was carried out with the participation of 20 volunteers.

Tapas para salvar vidas (*Lids to save lives*) campaign

The campaign sought to obtain more than 100 tons of plastic bottle lids to beat the record and contribute to the treatment of children diagnosed with cancer from the Fundación Sanar. In the event, 156.50 tons were collected.

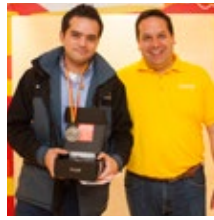
E-Bike to Work program

E-Bike To Work is an electric bicycle loan program for employees, implemented from 2011 at the branch of Calle 93 in Bogotá and with a satisfaction index of 98%.

In 2013, the program was extended to the Bogotá branches located on Calle 82 and in the Edificio Técnico. At present, the program has 48 electrical bicycles: 24 at the Calle 93 branch; 12 at the Calle 82 Branch; and 12 at the Edificio Técnico branch. This benefited close to 120 workers in the following aspects:

- Ease and speed of mobility, as an electric bicycle can reach speeds of 25 km/h, in comparison with the 15 km/h achieved on average by other vehicle types during rush hour in Bogotá.
- Close to 6,200 routes totaling 54,000 kilometers, and 2,600 hours saved in journeys (equivalent to 110 days).
- Money saved in vehicle maintenance, gasoline, car parking, insurance, transport fares, among others.
- Chance of getting exercise and keeping healthy.
- Reduction in CO2 emissions by 12 tons in 2013.
- Decrease in noise pollution.





Training Department

The Training and Development Plan includes activities oriented toward strengthening strategic aspects for the Company, such as preventative occupational healthcare and industrial safety, languages, and innovation, among others.

The 2013 investment in training was \$ 433 million. The total number of hours was 82,876, 7% up on the previous year, with the participation of 5,240 people.

IDEO – CODENSA Innovation system 2013

CODENSA's commitment to innovation materializes through management of each employee based on the generation, use and transfer of knowledge and experience. This is shared across the energy service industry, thus contributing to the competitiveness of the Company, the sector, and the Colombian economy.

Inspiring, undertaking, and creating value are the main concepts of the innovation system.

To achieve this objective, the Company has implemented the IDEO Innovation System from 2006, which makes available the time, equipment, support and resources required by workers for development and testing out their ideas, as well as creating value for the Company and for society.

The innovation system stimulates the generation of proposals that represent economic, environmental, social, or customer relations benefits for the different Company processes. This year, 71 people took part in the development of ideas and projects.

This system features a team of workers with knowledge in different areas that make up the People Made for Innovating (PHI, in its Spanish acronym) Fraternity, recognized for their creative skills and, above all, for passion for innovation. These people support the system by leading workshops on innovation, contributing ideas, and through the projects they carry out in this area. They are responsible for assessing and classifying ideas.

As part of the system, there is an internet platform called EIDOS Market: a "market of ideas" in which employees participate to meet challenges and vote for ideas that they like the best. Awards are given for the ideas with the highest scores.

In 2013, two challenges were worked on at company level:

- What are your ideas for fostering savings in our Company?
- What are your ideas for attaining additional sources of income in our business?

These challenges sparked 264 ideas, 1,997 investments, and 483 comments in less than two months. 30 ideas have been approved for the market; 14 from the fostering savings challenge, and 16 from the attaining additional sources of income challenge. 88 ideas were applied for Colombia and were registered in the IDEO System.

To strengthen the IDEO System and the culture of innovation, the following actions were taken:

- Innovation workshops to seek out projects that generate value for the Company, led by workers trained in innovation leadership.
- Ten training courses in creativity and innovation with the participation of 416 employees.
- Forty-two committees on ideas in which PHI leaders take part, five innovation committees led by the Company CEO and the Board of Directors.
- Innovation Day, an event in which over 80 workers were able to learn about innovation projects, attend talks given by experts on the topic from national and international entities recognized for their developments in this area, and participate in games on creativity and innovation.

- Thirty-nine projects on the map corresponding to the distribution business, specifically to CODENSA.
- Thirteen projects were delivered to the generation business by CODENSA.
- Three co-creation workshops as part of the open Innovation Program with partner companies, from which more than 20 ideas were obtained to be assessed in 2014. To proceed with this project, Colciencias made a contribution worth \$ 225 million .

Technological Partnerships

To turn everyday experiences into products, services or new ways of doing things, it is vital to possess a network of allies that contribute their experience and knowledge to the development of ideas, initiatives and projects.

Partners	Universities	Research Centers	Government entities	Cooperation agreement
3	11	5	3	1

Tax incentives for investment in science, technology and innovation

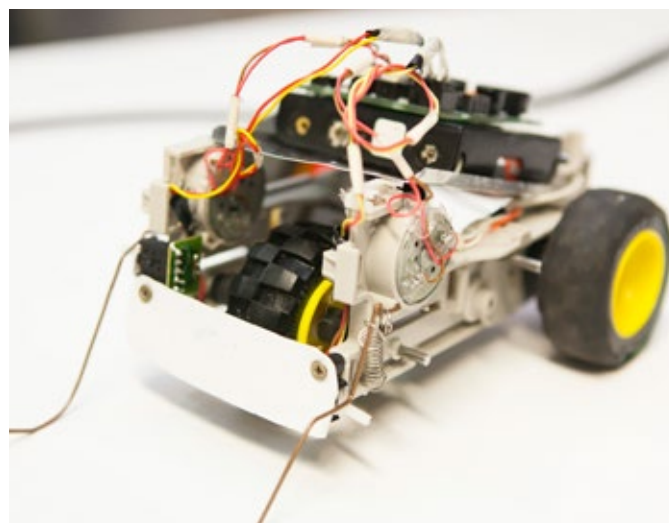
The use of tax incentives for investment in science, technology and innovation is one of the goals of this strategic objective of CODENSA's commitment to efficiency. As part of this, ten projects were submitted in response to the public announcement by the Administrative Department of Science, Technology and Innovation (Colciencias). Of the ten projects, seven were approved and we received a total tax benefit of \$ 5,471 million.

Positioning of CODENSA as a leader of technology and innovation

To contribute to the construction of knowledge on business innovation, the Company participated in events organized by public and private institutions with the aim of publicizing the IDEO Innovation System externally. Some of these were: La República Forums, Enlaces, 50th Confecámaras Congress, and Bancoldex Innovation Day, among others.

To commercialize the inventions arising from the innovation projects, two patented projects were taken to the 2013 International Electricity Sector Fair.

Moreover, the Company participated in the ÁMBAR Research and Development awards of ASOCODIS, in which a total of 31 projects from Colombia's electricity sector were presented. CODENSA presented four projects: Reliability analysis of circuits, Atlas, Aye Aye, and Efecto Carson. The Efecto Carson project took the second place, while the Aye Aye project finished in fourth place. This is a great achievement for the Company's Innovation System, showing that it creates sound projects that add value to the innovation ecosystem through initiatives with a research and development component, while also contributing to Colombia's knowledge.





Process Management and Ongoing Improvement

ISO 9001:2008 Certifications

The following processes were implemented and certified: Commercial Development, Commercialization and Sales, Energy Management on the Wholesale Market, Grid Operation, and Network Maintenance. It should be noted that all processes associated with the Company's Commercial Management are covered by this certification. No non-conformities were reported in the audit results.



First stage in the implementation of the new internal customer satisfaction study

130 workers received training on internal customer service topics (service to other areas of the Company) and the internal customer satisfaction survey was applied, the results of which will determine the structuring of action plans to enhance the service attitude.

Development of Continuous Improvement Model

One of the fundamental elements of the training model is the training received by staff. In 2012, 80 individuals were trained in the "Yellow belt" (55) and "Green belt" (25) levels, and reported 47 improvement opportunities.

Value Chain with Suppliers Development Project

This is the first project implemented as part of the continuous improvement model that seeks to optimize the different stages of the Value Chain with Suppliers: Planning, preparation, supply, procurement, execution, and assessment. For 2013, the current situation was assessed, quick wins were identified, causes were determined, and countermeasures were defined.

Application of New Quality Plan Methodology

The tool designed was validated, and its implementation into the quality plans of partner companies selected for the Technical Management pilot test began.



Staff Management

At the close of December, 2013, the Company had 1,037 direct workers, of whom 96.53% have contracts of indefinite duration. The breakdown by payment system is: 29 managers, 453 total remuneration, and 555 unionized. In addition, the Company had 54 apprentices and 53 university interns.

Amendment of Internal Employment Regulations

In 2013, the Internal Work Provisions were amended in order to adapt to legal developments that have emerged in recent years, update their content to current legislation, and formalize changes that have occurred in certain operating shifts in our generation business.

This change considered, among other aspects, issues of relevance such as hiring requirements, legal regulation of compensated absences, and the working hours of some of our generation plants, with the aim of adapting them to the operating needs, subject to agreement with workers. All of this addresses the legal modifications and jurisprudential rulings that have emerged in the area.

This amendment was founded on the procedure established in Law 1429 (2010), so that the changes effected were announced to all workers through publication in physical and virtual media. This assures knowledge and dissemination thereof with the overriding aim of guaranteeing the development of adequate labor relations in the Company.

Pension advice

A pension advice program was developed in which, with the backing of different social security entities, legal support and advice was provided to active and retired workers.

This program has ensured that procedures are redirected, and that, in the case of pension shareability and active workers, errors are avoided. Moreover, actions have been corrected through the initiation of relevant legal actions, and thus the administrative decisions have yielded the expected results.



Compensation

In line with the Company's compensation policy and in a bid to improve salary competitiveness, internal equity and staff retention, 507 staff salaries were leveled: 369 for unionized staff, and 137 for staff on the total remuneration system.



Organizational Structure

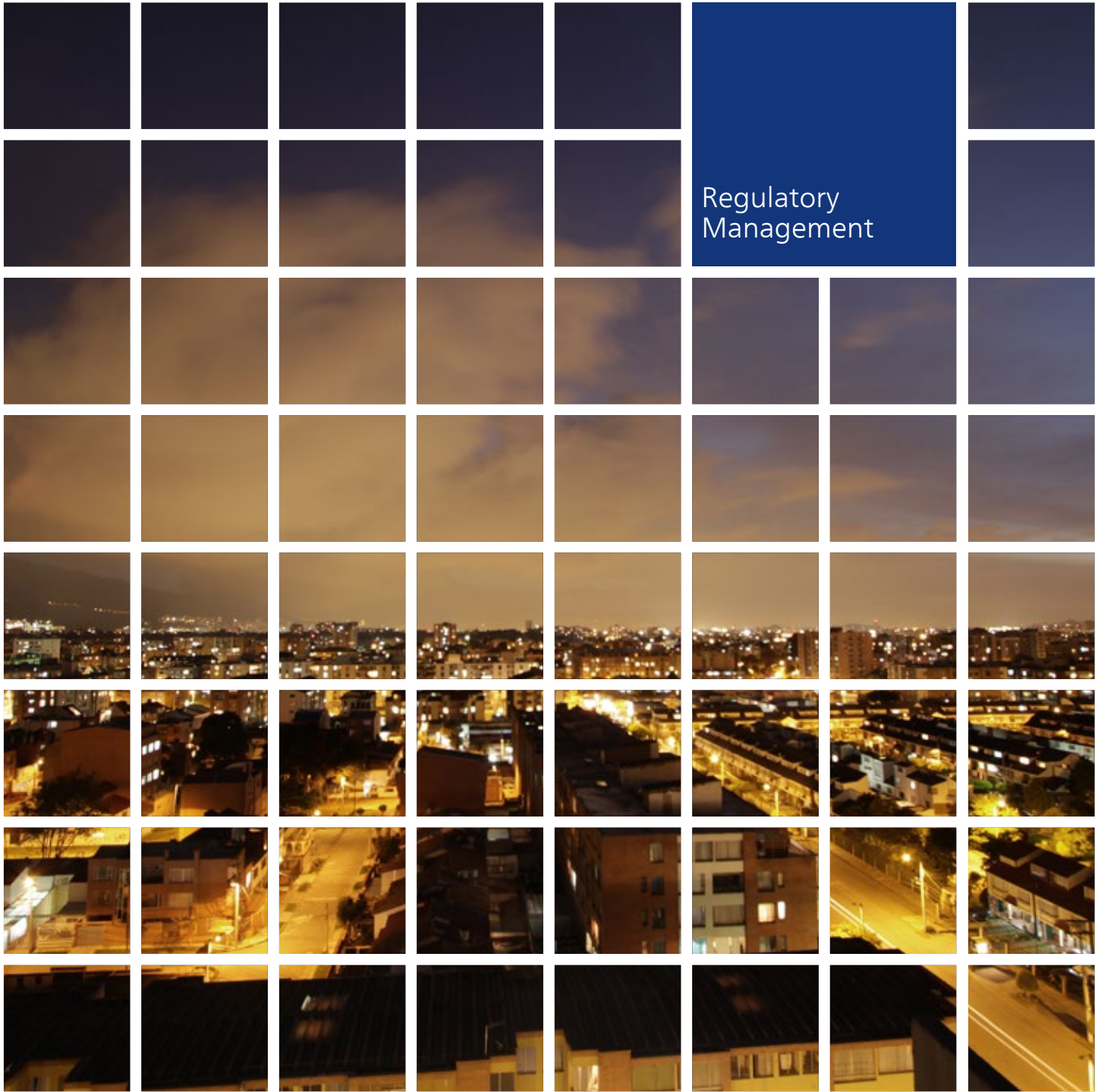
Structure of support areas

As part of the One Company Project, the organizational structure of support areas was revised in order to respond to the company strategy and to face new challenges.

Moreover, the new structure was implemented in global areas in Colombia. These have been structured as cross-cutting service areas with the aim of achieving efficiencies, capitalizing on best practices, and normalizing services and systems across the entire group.

The three large areas created, which form part of the Global Function Services are: Global Business Services (GBS), and Global Procurement.

As part of the Global Business Services (GBS), the organizational units of Security Colombia Communications and Human Resources Agency were created, which provide services for the above-mentioned global areas.



In 2013, the regulatory management of CODENSA's activities included a discussion of the basis of the survey to determine the remuneration methodology for the next tax period, in addition to recognizing management of investment remuneration in the Regional Transmission System (STR) put into operation last year, as set out below.

Firstly, the CREG 043 (2013) Resolution was defined, which established the basis of the remuneration methodology. In general, the setting of competitive rates, efficient costs, improved service quality, reliably provision, and sustainable companies were proposed. To this end, the Regulation Commission will review application of these variables to calculate the WACC, construction unit inventories and costs, and the current quality system, among others.

In addition, the CREG 053 (2013) Resolution approved remuneration of the Florida Substation and the reserve transformers at the Guaca and Tunal substations. In total, the commission approved an increase in the cost of repositioning investment totaling \$ 16,227 million, which represents additional annual income of \$ 2,720.5 million.

Moreover, the CREG 136 (2013) Resolution was issued, which approved remuneration of the Torca transformer bank, as well as the remunerated value update taking into account asset removal from the Centro Urbano substation. This resolution represents \$ 940 million in additional income for the Company.



Legal Management accompanied the different areas in the structuring processes of the new agreements for public lighting in municipalities, the property clearing project, expansion projects, social responsibility and innovation agreements, projects for the promotion of new products and services that generate an added value, as well as the necessary legal advisory for the continuous improvement of its activities, operations, and global functions in the new organizational structure of the Company.

Continuing with the policy of development, promotion, and generation of alternatives for the use of clean energy, Legal Management participated in the structuring of a Public-Private Partnership (PPP) for the inclusion of electric buses in the mass transportation system of the city of Bogotá.

Additionally, with the aim of collaborating with the Management of Administration and Finance, Legal Management participated in the issuance of bonds that took place during 2013 and will allow for financing the expansion and growth of the Company.

From the regulatory perspective, Legal Management actively participated in the structuring of new businesses, in the analysis of new regulatory proposals presented by the Energy and Gas Regulatory Commission, as well as in the follow-up of the legislative initiatives that have an impact on the Company's activities.

With the aim of improving customer service, during the year Legal Management carried out the training plan for different areas of the Company in order to apply what has been

indicated in the New Consumer Protection Regulation, the Anti-paperwork Law, as well as the regulation that governs the Company in regards to its users.

On the other hand, throughout the year, all the legal procedures of the Company were adjusted to the international standards on the matter, led by the Group. Finally, Legal Management managed to achieve the re-certification of the Quality Management System, ISO 9001 standard, ratifying its commitment to quality and excellence of its procedures.

In terms of litigation, it is noted that over the course of 2013, 72 definitive rulings were made, of which 59 were favorable, thus reaching an exoneration rate of 81.94%. In accordance with the purposes of the lawsuits, proceedings against the Company have been reduced to an amount of \$ 26,710 million and a profit of approximately \$ 63 million.

For the specific case of writs for the protection of constitutional rights, during 2013 there were 288 cases, of which 267 were final, reaching an exemption of 81.65% in favor of the Company's interests.



Advertising

Investment in advertising during the year was distributed by 52% in conceptualization and production of advertising pieces: TV commercials, radio ads, flyers, and inserts, among others, and 48% in media investment distributed in the following fashion:

MEDIA	%
Radio:	37%
National television	33%
Press	14%
Local TV	6%
Internet	4%
External advertising	2%
Alternative media	2%
BTL	2%
Magazines	1%

The media most used by the Company to provide information and promote its products and services to customers were:

Television

- Caracol T.V.
- RCN T.V.
- City T.V.

Press

- Diario Q'Hubo
- Diario ADN
- Diario Publimetro
- Casa Editorial El Tiempo

Radio

- Vibra Bogotá
- Caracol Radio
- Olímpica Estereo
- Tropicana Estereo

Campaign: 'Le damos vida a tus momentos'

The most important campaign of the year, based on the amount invested and the impact achieved was 'Le damos vida a tus momentos', which during the months of May, June, and July aired on national television, local radio, press, Internet, and internal media.

This campaign's goal was to strengthen the image of the Company to leverage the achievement of the goals in the measurement of the satisfaction of the Regional Energy Integration Commission (CIER, for its Spanish acronym). The target group was housewives who were in average 48-years old, with around 75% of them not having had contact nor service experience with the Company, coinciding with the target group of the satisfaction survey.

The media plan designed allowed for a scope of 90% of the target group and according to a measurement carried out later on, it achieved a public awareness of 51%.

'Le damos vida a tus momentos' was nominated for best campaign of the year by P&M Magazine, the most important one in Colombia, in matters of advertising and marketing. As of the date of writing this report, we do not know the results of this nomination.

Campaign: Added-value Products and Services (PSVA, in its Spanish acronym) for the residential and small trade segment

During 2013, different campaigns were carried out to promote the added-value product and service portfolio of CODENSA, addressed at the residential and small trade segment.

One of the most important campaigns was the campaign of electrical works for residential and small trade customers and the campaign of Sanitary Hot Water Devices (DACS, in its Spanish acronym).

The electrical works campaign during 2013 had the goal of positioning CODENSA as a close and reliable company to solve the needs related to customer electrical infrastructure. It aired between July and September and in November, under the motto "CODENSA is Your New Trustworthy Electrician", promoting the entire portfolio of electrical works in the radio, press, external advertising, and own media.

On the other hand, in order to promote the Sanitary Hot Water Devices (DACS), different communication strategies were carried out during the whole year, and one of the most important campaigns was "Lo hacemos fácil para ti", which sought to highlight the advantages of CODENSA's portfolio within the water-heating category. This campaign was broadcast on the radio, press, local television, brand activations (BTL) and own media as inserts in the energy bill and our own website.

Additionally, different advertising pieces were carried out in own media to promote the insurance portfolio and we worked for the launch of new products such as McAfee IT security packages and the alliance with Carvajal Información.

Ruta de la Navidad

We developed the Ruta de la Navidad concept, attending to the request of the Navidad Project and the City Hall to create an advertising campaign for the Ruta de la Navidad that generates pride and a sense of belonging among Bogotans and invite people from other cities to visit the city to know its lighting in person; with the following motto: "Bogotá is the place to experience all that you wish to see".

This concept and the related logo were the image of the entire project in the different initiatives, both from CODENSA as well as the City Hall.

Legal Respect Culture

With the aim of supporting the management for reducing Company losses, the awareness campaign on the crime of power theft aired from July to December, in the press, radio, local television, and own media. Its first stage included the motto "Do You Know Who's Stealing Power? Do You know That This Affects You?", and during the Christmas season we used the following motto: "You Can Go the Full Length with your Christmas Lighting, Except for Stealing Energy".

Paying Bills through Electronic Means

During November we launched the campaign to increase payment of the power bill through electronic means; for this purpose we used the radio, Internet, and own media.

Online Communication

Online communication consists of the management of online channels, websites, social networks, the CODENSA TV channel, and the development of online communication campaigns with the aim of positioning CODENSA as an expert Company in the power field, leading the field, close to its customers and focused on excellent customer service.

Website

During 2013, the CODENSA website, including the residential and business mini-websites, received a total of 3 million visits with a monthly average of around 254,313 visits. These results were leveraged in the communication initiatives to strengthen the product and service portfolio, Google advertising in order to achieve SEO, the Ruta de la Navidad initiative, and the bulletin and email strategy.

Social networks: Facebook

CODENSA's Facebook profile has 221,964 likes. During the year there were 91,603 interactions (71,676 likes, 6,372 interactions and 13,555 shared contents). A couple of the most important actions were the implementation of 5 campaigns and the launch of the content strategy through a grid with more than 60 weekly posts.

Ruta de la Navidad Online Strategy

The online strategy was focused on generating content and going viral in this regard, which were to allow visitors to know in advance about the activity schedule of the 2013 Ruta de la Navidad, in order to enjoy the Christmas lighting of Bogotá during the month of December.

We created the Embajadores strategy as recognition for the users of previous years, which had 5,500 participants. During the 15 days of activity the content was shared more than 7,221 times, 60% of it through Facebook and 40% through Twitter. 95,418 interactions had been achieved at the time of campaign close.

We developed a website in the responsive format, for proper visualization on computers, smartphones, and tablets, which had 3 sections: the Ruta de la Navidad map, an event calendar, and the content section in which a total of 76 articles, 6 videos, and 25 photo galleries were published.

The website received 504,148 visits with a total of 370,655 users.

Online Campaigns

A total of 6 online communication campaigns were implemented for the promotion and dissemination of relevant information for customers on electrical heaters, insurance, information of payment spots, and the Ruta de la Navidad. Additionally, we sent communications related to customer service, billing, electronic means of payment, efficient power use, and scheduled maintenance.

Each campaign considered the implementation of Google advertising (search network and content network) through ads or keywords to achieve greater relevance, as well as ads on websites that were of interest to the target audience.

E-commerce Strategy

Emails are the main means of communication to send messages to corporate clients of CODENSA. They are used to convene for events and trainings (engagement plan), boost the product and service portfolio, promote power saving and efficiency, communicate the regulations on the use of electrical power, and build up customer loyalty. In 2013 there were a total of 107 emails; 70 to SME clients and 37 to construction clients.

Communication Services

Participation in Events and Sponsorships

In 2013, representatives from the Company participated as speakers on 28 events that revolved around issues inherent to corporate management in different fields; customer service; power supply quality, tele-protection systems, Smart Grids, power mobility, sustainability, among others.

CODENSA sponsored 39 events with the aim of contributing to the sustainable, social, and economic development of the regions where it is present and to the preservation of the nation's cultural heritage. Some of the events attended to the needs of the communities, whereas others were a response to the requests from educational and cultural institutions, municipal administrations, charity organizations, private-sector initiatives, among others.

The sponsorship of the events, besides promoting awareness and social well-being, contributes to strengthening the relations of the stakeholders and achieving brand awareness.

Institutional Events

With the aim of strengthening corporate identity and socializing the projects, initiatives, and progress of the programs and policies of the Company, we carried out around 60 events addressed at different stakeholders. Some of the issues examined at the events were the following: Strategic planning, corporate innovation system, programs of the Human Resources Management for workers, periodic presentation of results, and relevant facts for the Company.



The Company's annual meeting, Cascade 2013, was carried out at the end of the year; this meeting revolved around the presentation to more than 1,600 workers on the results obtained during the year and the main projects and goals for 2014,

Events Addressed at Customers

Within the Customer Engagement Plan, more than 40 events were carried out, with the aim of strengthening the communication and information on the Company's products and services, such as technical and managerial trainings, seminars, and breakfast meetings addressed at customers from the infrastructure, construction, and corporate sectors.

There was satisfaction level of 97% among the attendees and close to 2,000 people participated in the event.

Video Production

During 2013, we produced and disseminated close to 50 videos and animations that aim at supporting the Company's management and strategy. Audiovisual pieces stand out among them, which convey the information on the 30 projects that Sales Management area is carrying out, the launch of the Control Center, and the central video for the Company's annual meeting, Cascade 2013.



Production of Disclosure Material

Around 250 presentations were prepared, produced, and distributed among the targeted public, which served to disclose the different processes and initiatives of the Company. One of the most important ones is the Christmas kit for employees, which integrates activities carried out during December, the annual reports and 2012 sustainability report, the material for the Human Resources and Innovation fairs.

Internal Communication

The management of internal media and the development of media campaigns seek to strengthen the sense of belonging to the Company, contribute to the improvement of the organizational climate, promote a culture of information among workers, and create awareness to bring about actions and changes in staff.

Internal Communication Media

During 2013 different strategies were developed in the management of 7 internal communication media, with an average grade of 8.3, with 10 being the maximum grade. Below is a list of the most important media:

Entérate Electronic Newsletter

233 newsletters were distributed, which managed to disclose 716 news stories, on different Company areas and achievements.

En Línea Corporate Channel

They are electronic billboards that are updated in real time with internal, national, or sector-related news. In 2012 more than 2,477 messages were posted, with segmented information and of interest according to the geographical location of the work site.

Corporate Bulletin Boards

They are located in 15 offices, including substations and corporate sites, which constitute 36 points of information for employees. An average of nine stories were disclosed on a weekly basis, that is to say, around 450 stories a year.

Conectados Magazine

This magazine is the information space for employees and their family group, which during 2013 had a change in design, in order to renew sections and make it more attractive. During the year three editions were distributed, whose central issues were the following: Social responsibility, power, and customer service.

En Directo

In July we launched this new communication channel, consisting in carrying out a monthly online meeting (through a video conference or streaming video) of the General Director of the Company with the employees. Its goal is to provide current and first-hand information, solving the queries from workers and acknowledging the staff or projects that have stood out due to their management. During the year, 5 sessions were carried out, which managed to connect more than 10 sites, with an average attendance of 750 people per meeting.

Internal Communication Campaign

During 2013 we promoted seven internal communication campaigns developed in the medium and long term, which, leveraged in creativity and sensibility, accurately conveyed key messages regarding strategic topics for business, among which the following stand out:

Ideo

The innovation campaign was oriented towards promoting the generation of ideas that could provide added value to the business, developing the creative concept of "IdeoGym, Put Your Ideas In Action" Throughout the year this campaign had two important moments: The celebration of the international creativity day and third innovation day, which included different activities focused on strengthening the innovation culture.

Actúa seguro

During 2013 we launched the "Act Safely Syndrome" concept, a creative reference whose goal is for workers to develop safe practices, contracting and spreading this first positive syndrome.

During the year there were different activities and communications; one of the most important ones was an activity carried out for the prevention of accidents in Company parking lots and safety week.

Ser social

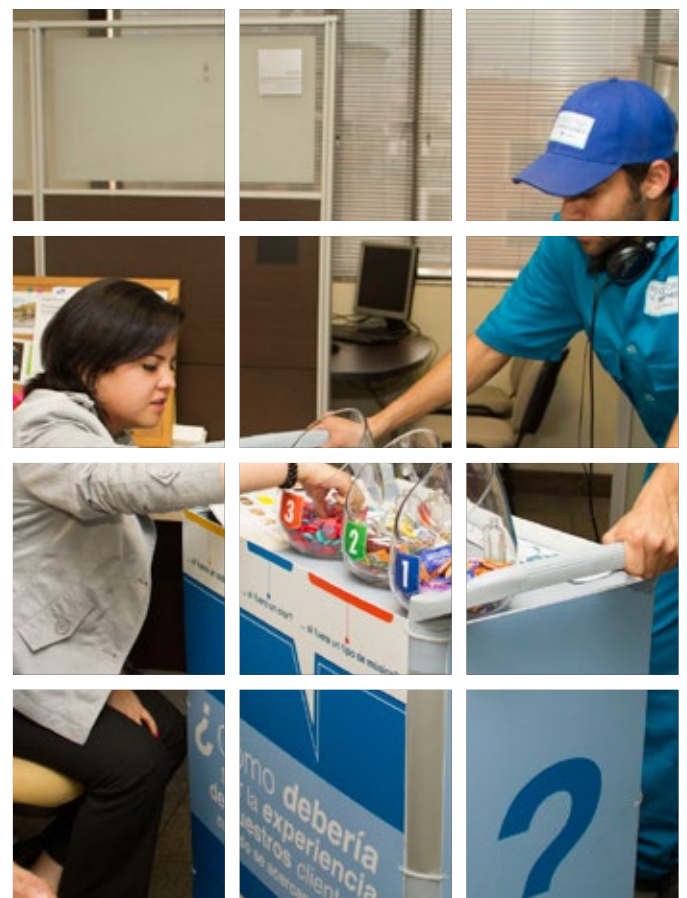
This campaign, carried out during 2013, was focused on capitalizing on obtaining the Familiarly Responsible Company certification, looking to generate Company pride. In this sense, different communicational pieces were created to display the differential value of working in a familiarly responsible company.

Likewise, corporate volunteer initiatives were backed to promote the spirit of solidarity, with workers being called to participate in the various activities.

Customer Service

A customer service campaign was launched, under the "Best Attitude to Serve" concept. This campaign is born with the purpose of accompanying all programs looking to generate a good customer service culture.

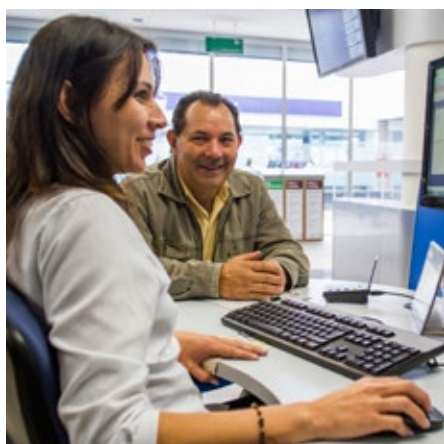
For its design, more than 400 workers participated in an activity that sought to develop the service value promise in a fun and creative way. Once the campaign was conceptualized, it was unveiled to the public through office takeovers. Furthermore, two activations were carried out, in which several communication pieces were delivered with the aim of having workers strengthen good customer service both at an internal and external level.



Global Operations

Good Business Practices Commission

As part of the goal of establishing a culture of good business practices at a regional level, we participated actively in the creation of the Good Business Practices Committee since August. In total five committees were created this year. Colombia led the second committee, whose central issue was the promotion of the innovation culture on the basis of internal communication.



Market Research

The area of Market Intelligence carried out 70 quality-quantity studies of an exploratory nature, in the performance, feasibility, and ethnographic areas, as support for the different areas of the Company. The research projects with the greatest impact are shown below:

Trázate Project Ethnographical Research

As support for the Trázate project, whose goal is to provide insight on the customer-process relation, 4 ethnographical studies were carried out to identify customer relations and with the processes in question from three perspectives: Communication, operational process, and engagement. The studies were developed for all suspension, cut-off, and reconnection; re-establishing service, new connections, and public lighting.

Mystery Shopping Research

Around 600 mystery shopping simulations were carried out, visits and phone calls were made to service centers, providing assistance to customers from their homes and on-site assistance to 16 commercial processes of the Company, obtaining script compliance tables from the technical-commercial team, as well as videos of the monitoring that have served to improve customer service.

Ethnographical Research for Hypothesis Validation

Two high-impact ethnographical studies were carried out as a validation tool for customer behavior and engagement:

Plastic Segment Legality Culture Study

We shared day-to-day activities with different companies of the segment in order to understand their organization dynamics and also validate hypotheses related to power theft.

Non-corresponding Billed Kw Study

For which we interviewed customers who had been reported on our service lines due to claims regarding bills with increases that the customers do not understand, managing to understand the awareness of customers in the face of Kw consumption and their reasons to continuously resort to using the service contacts to obtain a different solution to their claims.

Market Feasibility and Electrical Assistance Research

Based on the IM methodology to measure the feasibility of new products and concepts from the market perspective, two studies were carried out during 2013, one of them a quantitative study to identify the available market of the "electrical assistance" product and a qualitative study to know the viability of the "Enelmia benefits card" concept in the city of Bogotá.

Positioning Research

As support to market follow-up, during 2013 we carried out a study to measure the impact of the CODENSA Crédito Fácil brand and a study regarding CODENSA positioning in the residential and corporate segment.

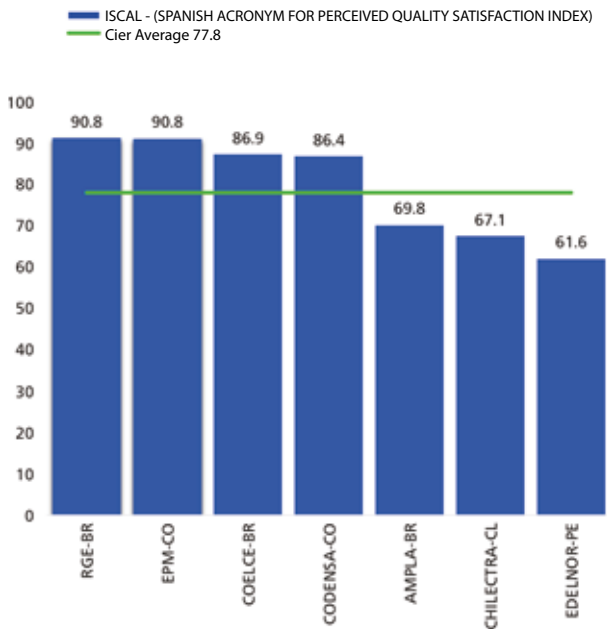
Performance and Customer Satisfaction Research

During 2013 we applied the satisfaction model to 23 processes, managing to identify the opportunities for improvement in each of them from the experience and perspective of customers. Around 16,878 surveys were used for this analysis, and we analyzed and delivered 84 reports during the year.

Residential Customer Satisfaction, Results on Regional Energy Integration Committee Survey (CIER, in its Spanish acronym) 2013

For 2013, CODENSA displays significant improvement in customer satisfaction, moving up from the 18th to the 6th spot in the Latin America ranking.

The increase regarding 2012 was 10.2 points for a satisfaction level of 86.4%.



For the satisfaction goal set forth for 2013, there was a level of compliance above 6.5 points. The increase was due to the improvement of satisfaction of all the factors of the model; with a greater impact on the image and information and communication factors, and with improvements above 10 points approximately, followed by customer service and billing with high ratings, which together provide a good closing level of general satisfaction.

CIER Results	ISCAL 2011	ISCAL 2012	ISCAL 2013	2013 Goal	Difference
CIER - CODENSA	82.3%	76.2%	86.4%	79.9%	+6.5%

External Affairs Management CODENSA

Social Management

The CODENSA's social management is found to be framed by two strategic lines of intervention with the communities of the municipalities that make up the area of influence: Education and Local Development.

Education

El Mundo de la Energía - Divercity

With an overall renovation, the El Mundo de la Energía attraction in Bogotá's Divercity park is established as a space for children to learn from the process of generation, distribution, and commercialization of electrical power.

During 2013, 1,560 children from different municipalities of Cundinamarca attended, as well as students from public schools and foundations, who benefited from this experience through social responsibility programs.

Teaching Material Supply

At the municipality of Sibaté we delivered 22 musical instruments, mostly wind instruments, such as saxophones, clarinets, and trumpets, which helped to raise the category of the Pablo Neruda School marching band. With this contribution, we benefited 80 youths, members of the musical foundation course of the educational institution, whose goal is to qualify for the Brazil 2016 music world championship.

Additionally, we delivered teaching school material in the Mesitas del Colegio municipality, in order to provide supplies to the "Gym for Psychomotor Development" classroom from La Varita Mágica Kindergarten, thus favoring the development of 115 children aged 0-5.

Local Development

Support Program for the Basic Local Infrastructure of Cundinamarca

We held an agreement with La Palma municipality to carry out adaptations of the academic spaces, sanitary facilities and kitchen of the John F. Kennedy school, which displayed a physical risk and did not comply with the sanitation conditions, thus benefiting 160 students.

An agreement was signed with the Viotá municipality to start the construction of the Barrio Obrero School, where students had overcrowding issues. Through this work we hope to extend the said institution for it to receive close to 90 students.

Based on an agreement with the Municipal City Hall of San Antonio del Tequedama, we carried out the purchase of a backhoe loader to support the maintenance of the street network of the said municipality, especially in the areas close to the generation chain of the Bogotá River.

Through the agreement carried out with the Program for Development and Peace of Magdalena Centro, we started the construction of the Center for Community Development in the Inspection of San Carlos of the municipality of Caparrapí. This space, contributing to the integration and participation of children, youths, women, and the community in general, is supported as a social process by the subcommittee of San Carlos, which is formed by twelve districts, and seeks to implement actions to promote human rights, artistic workshops and public incidence processes, in order to turn into a center for social inclusion, which will promote social platforms for peace.



Inclusive CODENSA

With the goal of incorporating the best customer service practices for people with disabilities and the elderly, an agreement was signed in 2013 between CODENSA and the Fundación Saldarriaga Concha, an organization specialized in the social inclusion of the population groups. The agreement seeks to strengthen the customer service model of the Company, including the viewpoint of service with a differential focus for people with disabilities and the elderly, for it to derive in a relationship of mutual benefit and improve the service quality of the customer service centers and guarantee the rights of these persons.

Additionally, the Company supported the initiative of the Municipal City Hall of San Antonio del Tequendama, which convened different actors of the private sector for the co-financing and construction of two rural housing units, which benefited close to 20 people with low income, including elderly people. The construction was carried out by a group of students from SENA, who materialized their final graduation project with this work.

Fundación Endesa Colombia Management Education

Work-related Training

Under a partnership with the Fundación Servicio Juvenil, in 2013 the Company supported the technical training of 200 youths under a vulnerable status from the municipalities of Zipaquirá, Cogua, Nemocón, Cucunubá, Tausa, Sutatausa and Ubaté.

In December, youths aged 14-25 ended their first training semester during which they received comprehensive training in different fields such as electricity, welding, auto mechanics, industrial mechanics, computer maintenance, baking, and screen printing.

Under this agreement, which will continue during 2014, we expect to favor the inclusion of the youth population in the region's job market.

Educando con Energía

Under a partnership with COMPENSAR and Bogotá Public Schools, the Fundación Endesa Colombia started the Educando con Energía project, which seeks to benefit youths in the public education system from grades 8 to 11 for them to develop productive competencies and skills for life, incorporating the principles of sustainable development. It is also focused on supporting school teachers and advisors so that they may strengthen the vocational and professional advisory strategies.

During 2013 we conducted 407 workshops on socioemotional skills in 6 educational institutions, in which around 60 advisors and teachers were connected, and 5,083 students benefited from the initiative.

Technical Training Program (Cundinamarca rural area)

During 2013 we managed to place 13 youths through training contracts in business partners of the Company.



Additionally we signed an agreement with the SENA - Villeta office (Cundinamarca), to open the technical career of Construction and maintenance of distribution networks for electrical power for voltage levels I and II, in which 29 youths from the Gualivá province (especially from the municipality of Villeta) started their training process and were also benefited by the Training Center installed by the Company and which allows young pioneers of the technical career and future groups to carry out professional practices in real-life time and scale.

Support for Innovation

Under a partnership with the Municipal City Hall of Pacho (Cundinamarca), the Secretariat of Department Education, the Regional Autonomous Community of Cundinamarca and other companies of the region, in 2013 the Fundación Endesa Colombia supported three students from tenth and eleventh grade and three professors from the Instituto Técnico Agrícola de Pacho Institute to attend the XI Robotics Competition organized by the Robotics Center of the Universidad Tecnica Federico Santa Maria de Valparaiso (Chile), to submit a robotic prototype built with recycled

material from computer parts and also acquire further technical knowledge in this field.

The Colombian team beat 15 teams from different schools renowned for their work with cutting-edge technologies and won the innovation prize in this competition, which is the most important one in South America in the field of robotics.

Partnerships

Under a partnership with the Fundación Endesa and the Organization of Ibero-American States for Education, Science, and Culture, and with the goal of improving the quality of life of communities under a status of social vulnerability in Colombia and that do not have the electrical power service, in 2013 we set up photovoltaic systems to guarantee the solar power supply for five educational institutions from Alta Guajira.

Under this lighting program, more than 300 students from the Wachuary, Flor de la Guajira, Castilletes, Warrutamana, and Topia learning centers benefited in the municipality of Uribia.

In addition, the use of Information and Communication Technology (ICT) teaching methods were promoted through a process of teacher and community training with more than 200 individuals participating, and the donation of a classroom equipped with audio-visual and computer equipment.

Local Development

Agreement with the Development Program for Peace in Magdalena Centro:

Continuing to comply with the agreement signed with the Development Corporation-Program for Peace of Magdalena Centro (PDPMC, in its Spanish acronym), in 2013 we developed the second stage of the School for Strengthening towards Total Community Excellence (EFHECTO, in its Spanish acronym), to develop the component of the political training of councilors and leaders of the municipalities of Yacopí, Caparrapí and La Palma in the area of Rionegro-Cundinamarca.

This second stage witnessed the continuous involvement of 18 leaders who were already trained and who multiplied knowledge among their community groups and extended the program by training 60 new leaders.

Additionally, we implemented the module addressed at the juvenile population of two schools (Yacopí and Caparrapí), called "Apersonemonos" ('Show Up', through which we trained 40 youths.

Productive Chains

Sibaté and San Antonio del Tequendama Stockbreeding Productive Chain

Over the course of 2013, emphasis was placed on the improvement of the quality of milk as a base indicator for the competitiveness of the productive chain. Therefore, through Fundación Endesa Colombia, and in alliance with the Municipality of Sibaté and FUNDESOT, two associations of producers from the municipality (ASIPROLEC and APROLECSI) were strengthened, with components of technical assistance, equipment, and sufficient tools to improve milking practices.

Portable milk quality laboratories were provided, as well as equipment for the production of ensilage and milking equipment for producers to improve their milking practices and directly impact the quality of the milk collected from each association, and in turn, the capacity of associations to negotiate improved pricing and payment cycle conditions.

More than 20 producers benefited from one or several of the agreement's components which included mechanical milking equipment, a sanitation kit, renovation of pastures, metal stables, and/or technical assistance. In the municipality of San Antonio del Tequendama, also under a partnership with the Municipality and FUNDESOT, 15 producers were supported by the Farmer Association AGASANTEQ, being the first high-impact project in the Association's 12-year history. In technical terms, technology was provided and transferred in order to enjoy good milking practices, pastures were renovated, and the quality of milk was improved as an indicator of competitiveness.

San Antonio Coffee Productive Chain

Under a partnership with the National Coffee Growers Federation and the Cundinamarca Departmental Committee of Coffee Growers, hotbed production cores were strengthened, spanning seven municipalities in the province of Tequendama (San Antonio del Tequendama, Colegio, Viota, Tena, La Mesa, Cachipay, and Anolaima). These community cores produced the plant material (2.9 million coffee plants) used for the renovation of 586 hectares, benefiting more than 700 producers of quality fair-trade coffee plants.

At the end of the year, an agreement was signed aimed at strengthening associations in seven municipalities. The goal is to seek the proliferation and sensory mapping of coffee as a planning and sales tool and, in turn, seek out the production of specialty coffee to explore improved prices or markets.

San Antonio del Tequendama Fruit and Avocado Productive Chain

Giving continuity to the agreement signed in 2012, it culminated with the installation of 35 hectares of avocado and citrus crops, generating profit for 70 producers and their families. The group of producers receive technical support and theoretical training on practices to guarantee the appropriate handling of crops.

Other Programs and Activities

Cathedral and Monument Lighting Programs

With the purpose of contributing to the conservation and preservation of buildings of historic and cultural value, Fundación Endesa Colombia, and the Colombian Episcopal Conference have illuminated 39 Colombian churches since 2001. Said agreement culminated with the San Francisco church lighting project in the center of Bogotá in 2013, the first one to use LED lighting.

Due to this project, the main temples and churches of Bogotá, Manizales, Pasto, Popayán, Neiva, Buga, Bucaramanga, Mompox, and Armenia, among others, have been illuminated.



Sustainability Management

Sustainability Report

The ninth version of the Sustainability Report has been published, which corresponds to management for 2012, in which economic, social, and environmental performance indicators are published in compliance with the seven commitments of the Sustainable Development Policy. The report was authorized by the Deloitte auditing firm who verified that the information presented by the Company conforms with the guidelines of the sustainability reporting guidelines of the Global Reporting Initiative (GRI) version 3.1 and the Electricity Sector Supplement, and complies with Standard AA 1000AS version 2008 and the principles of standard AA 1000APS (2008): inclusivity, materiality, and responsiveness.

United Nations Global Compact

Together with the 2012 Sustainability Report, a progress report was presented as regards the level of compliance with the ten principles of the United Nations Global Compact, to which the Company has adhered since 2004. The report was produced following the *Advanced* criteria stipulated by the United Nations for its Communication of Progress (COP). It provides sufficient evidence of the Company's commitment to respecting human rights and protecting the environment.

Women Empowerment

Within the framework of the United Nations Global Compact for *Women Empowerment* initiative, in 2013 the Company adhered to the "Equipares" Labor Equality Seal initiative. Led by the Ministry of Labor, the High Presidential Council for the Equality of Women, and the United Nations Development Program (UNDP), this program seeks to reduce gender discrimination in the workplace and to increase opportunities for access to the job market in legal and equal conditions.

Business for Peace

CODENSA adheres to the *Business for Peace* initiative, a platform led by the United Nations Global Compact which looks to support companies in their adoption of measures to promote peace and the implementation of responsible business practices that are aligned with the ten principles of the Global Compact, especially in high-risk areas and areas affected by conflict.

Bosque Endesa

The Endesa Forest project has the goal of protection and restoring 690 hectares of high-Andes forest for the establishment of an environmental conservation area in the municipalities of Soacha and San Antonio del Colegio.

In 2013, the plan continued to restore the forest, including the following activities:

- Planting and maintenance of 7,470 native tree species.
- Since 2011, a total of 17,450 trees have been planted.
- Construction of 4 km of trails that allow for visitors to access the forest.
- The signing of an agreement with the Fundación Zoológico Santacruz which has the goal of documenting fauna in the forest.
- Visits for Company employees and cancer survivors from the Fundación Simmon and their families.

Sustainable Mobility

As part of the Company Sustainable Mobility Plan (PEMS, in Spanish), an initiative developed in partnership with the ANDI, the Universidad de los Andes, and the Fundación Chevrolet, there was progress in the implementation of the following actions in 2013:

- First week of carpooling: The company participated in this initiative which meant to raise citizen awareness and contribute to sustainable mobility through the promotion of carpooling for work related trips.
- Issuance of SITP cards; carried out over 6 days at different Company offices for the issuance of the Public Transport Integrated System (SITP, in Spanish) cards. In total, 711 cards were issued.

Press Department Management

In 2013, the work of the Press Department was focused on continuing to strengthen the engagement of the Company with the media, placing a special emphasis on specialized sectors such as electrical mobility, education on social issues and technology.

The media management was focused on the disclosure of the main progress of the different areas of the Company and of those that are reflected in better customer service. In the same fashion, we worked on handling potentially critical issues.

As a result of this management, we published 1,864 press releases on the different media, reaching 85% favorability.

The topics generating the greatest interest in the media were:

Electrical Taxi Project: Press conference with the City Hall of Bogotá for the launch of the electrical taxi project, which sets a landmark in the transportation of the country and the region.

Control Center Launch: Presentation to the media of the new Control Center for monitoring and follow-up of electrical networks, one of the most modern ones in Latin America.



New Billing Model: Media coverage of the delivery of the first immediate bill in the municipality and simultaneous press conference with the journalists specialized in public services within the framework of the ANDESCO Congress.

Ruta de la Navidad: Media management focused on highlighting the evolution of the project towards the integration of the city's lighting with the presentation of world-quality shows. The disclosure strategy included taking advantage of different moments, looking for the greatest amount of people to know about this year's lighting project through the media.



Concordia Substation Incident During the incident that occurred in the Concordia substation in November 2013 and that affected close to 25,179 customers in downtown Bogotá, CODENSA set in motion a crisis-handling strategy through the Company's Press Office, with the aim of keeping the population informed in a timely manner on the progress of damage repair and the entire situation. More than 150 interviews were carried out, nine newsletters were developed, and we had a media service office in the area of the event.

Educando con Energía: Within the social responsibility projects of the Company, we launched the Educando con Energía program, which seeks to impact close to 5,000 youths in Bogotá. Media management was made through a press release and the presence of the media in the launching event.

Social Network Media Management

Twitter:

From September 2012, the Press Office created the @CodensaComunica Twitter account, which seeks to be a communication channel for the Company's media management issues. Ever since, the channel has been positioning as a mean of information mainly addressed at journalists, the media, and opinion leaders.

At the end of 2013, the account had 1,239 followers and 3,252 posts (tweets), achieving a total of more than 8 million online appearances, with each appearance constituting a user of the social network who saw the brand.

YouTube

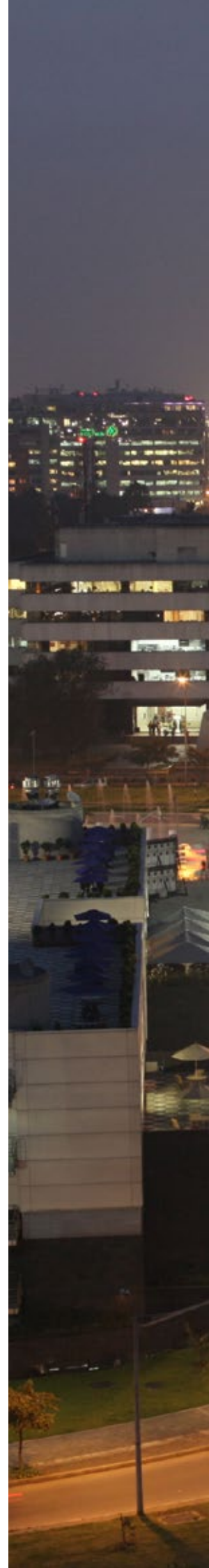
In 2013, the official account of the Press Office on YouTube (CodensaComunica) was created with the aim of publishing and sharing news audiovisual material with journalists, as well as additional material to support the newsletters issued from the office.

In 2013 the channel had a total of 994 views and 25 videos were posted.

Institutional Relations Management

Over the course of 2013, we worked on the structuring of the corporate project with the home office entitled "Stakeholders Management". This project is centered on the analysis and understanding of the needs and expectations of stakeholders.

In the month of December, the project was launched in Colombia, which considered the application of online interviews of close to 370 contacts from national and local institutions, environmental, consumer, and employee associations, universities, NGOs, foundations, and experts, among others.







Systems and Telecommunications Management (ICT)

During 2013, the systems and telecommunications activities were oriented towards the development of IT projects as key tools for competitiveness, growth and productivity, taking into account innovation as a distinctive element.

The main initiatives developed and implemented during the 2013 period, which benefited CODENSA, were focused on information systems projects and infrastructure and service projects.

Information Systems Projects

Information Systems Management Plan

During 2013, together with the Technical Management and the Commercial Management, we carried out the definition of the Application and Systems Management Plan, which set forth the medium and long term guidelines for carrying out systems projects for CODENSA.

E2BANK Project

This system allows companies in Colombia to exchange financial information in an agile and safe way with banks through the SWIFT technological platform. The project covers all the bank funding processes for the management of bank extractions from the collecting banks, automating the process of remittance and payments. Among the benefits are:

- First entity in Colombia to incorporate itself to the SWIFT (*Society Worldwide Interbank Financial Telecommunication*) platform, which handles connection services between banking entities on a global level.
- Increase in productivity, opportunity for information, and elimination of manual processes.
- Increase in information security and traceability.

Project for Bill Scanning: "Invoice"

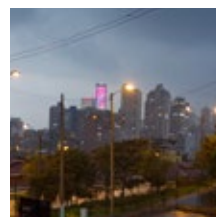
With this implementation, we automated the filing, verification, and accounting processes for bills from CODENSA's suppliers.

Institutional Web Project

As part of the global initiatives of the Systems and Telecommunications Management, we have started the implementation of all the institutional websites for all companies of the group under the same technological platform and standard corporate design, looking for synergies and savings in systems maintenance.

Facturación En Sitio

The Facturación en Sirgas project was implemented. The goal of the project has been to optimize invoicing in distant areas of CODENSA's target market. Through on-site invoicing we prepare, settle, print and deliver the bill at the same time that we read it.



Implementation of Genesis project stage II (SAP ISU)

Phase II of the Genesis project was implemented, developed to modernize CODENSA's commercial toll-free system. The main benefits we have obtained are the following:

- Updating of the information of users from other commercializers, to feed the information in cycles, amounts, and consumptions in Loss Control Scale Cubes.
- Having a system that provides reliability in the operation and traceability necessary to guarantee the commercial management of a billing that amounts to USD 7.5 million per month.
- Availability of the information to carry out an analysis with the consumptions from big customers (toll fees) on a monthly basis, which cover approximately 370 GWh per month.
- Sustaining profits in the analysis times of the professionals of the Loss Control Division by having the information on Arista.

Amatia Environmental Project

Complying with the regulation, we implemented the identification, follow-up, and assessment system of the environmental requirements demanded from CODENSA. This system allows for storing and doing follow-up of all the obligations set forth in the environmental legal regulations and for the requirements demanded by the environmental authorities, attaching the relevant evidence to demonstrate compliance with each one of them. Benefits contributed to the business:

- Risk mitigation of daily environmental fines by the regulatory entities, according to the penalty regime of Law 1333 of 2009.
- Savings due to the decrease of printed and stationery formats that were being used in the manual processes.
- Improvement in the business administration and process times, as well as in the reliability, availability and follow-up of information by environmental area heads.

SCADA Project

In 2013, we started the operation of the SCADA system *multisite*, an alternate system with online updating that allows for system consultations from external corporate users addressed at the Control Center. This improves the operational costs and guarantees regulatory compliance in terms of service and quality.

Advanced G-Core - CMD, CÍCLOPE, AND ANINC

Continuing with the strategic development of corporate applications, we implemented three additional systems of the G-Core platform in order to support the processes of the distribution business: CDM, Cíclope, and ANINC. The main benefits that CODENSA will obtain from the operation of these systems are:

- New functionalities totally integrated to the systems with which we manage CODENSA's grid.
- Improvements in time and effort of business processes that require a centralized and consolidated information.

- Real-time availability of measurements and alarms from the business areas (external as regards the Control Center's context), unlimited availability of signals (TAG) from the field, without any interference due to licensing issues or limits in the applications.
- Having an incident management workflow to improve the analysis of events and provide subsequent corrective plans Root -cause focus for events.
- Integration of several sources of technical info transversal data from the very G-Core in the study of incidences (e. g., cartography, CMD, measurements, document management).
- Real-time consultation on the status of open (active) incidences in the Control Center and areas of operation. Having concise information on events and customers affected permanently and having a single global repository for comparison with other companies carrying out transit incident work (real-time).



Colombia Improvement Program

The *Improvement Program* started out from the need to incorporate efficient solutions to the most critical needs in technical and commercial systems, managing to achieve greater availability and reliability. One of the most significant achievements is the improvement of the Request Management System for new queries with the aim of optimizing service indicators, service and effectiveness levels, generating savings and mitigating the risk of fines.

Infrastructure Projects

Control Center Implementation

We implemented the information and telecommunications systems of the new Control Center, such as G-Core, SCADA, renovation of telephone plants, videoconference equipment, and new video wall.

On the other hand, we configured the MetroLAN network, allowing for the connection between the main and support control centers located in the Technical Building and Salitre site, respectively. Furthermore, we implemented an IP Phone system for the support centers.

Telecommunications Management Plan

The goal of the Telecommunications Management Plan was to obtain the maximum performance and take the maximum advantage of the Company's telecommunications networks, based on the analysis of the current and future needs of each business area, as well as on the definition of a five-year investment plan.

This plan was designed with the goal of optimizing the current telecommunications infrastructure and prepare it for future challenges. In this manner, our goal is to obtain the maximum productivity, cost reduction, and customer service optimization.

As part of the development of this telecommunications plan, we implemented the following initiatives in 2013:

Videoconference Hall

In October, we implemented the Videoconference Hall, allowing Company officers to connect online with other Videoconference Halls of the Group located in the cities of Rome, Madrid, Lima, Santiago, Rio de Janeiro, and Fortaleza.

IT Security Projects

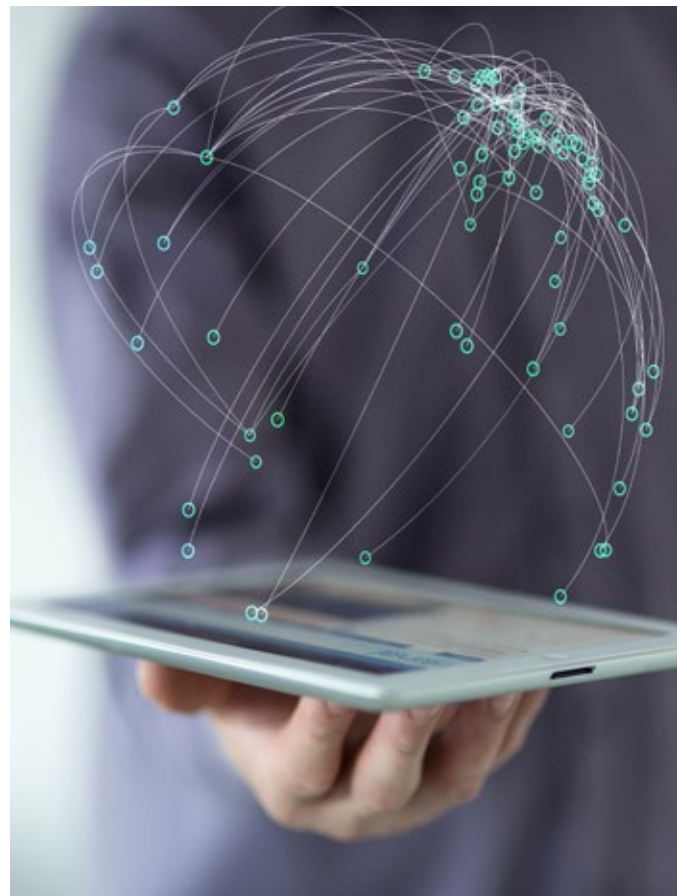
During 2013, we carried out projects that supported the mitigation of risks by extending the range of coverage of perimeter security and IPS equipment, reaching the MetroLAN network and strengthening the security of control systems. These projects were fully executed.

With these tools we achieve a greater visibility of potentially malicious events and incidents and therefore we achieve a better monitoring thereof, allowing for the implementation of more efficient action plans.

Micro IT Platform Modernization

With the implementation of the EGlobal 7 platform, we seek to increase efficiency in the work and security related to the information of the micro-IT area, as well as looking to comply with the power saving commitment (Green IT).

During 2013, we reached 100% of the updatable teams with the Eglobal 7 platform.





Services

Installation of Collaborative Tools - LYNC

During the last quarter of the year, we installed the collaborative LYNC tool, which allows users to have alternate communication mechanisms. Chat, videoconference, and calls from the computer, integration to videoconference from the place of work, access to meetings from *smartphones*, different means that allow users to choose and combine communication among them.

Econtact Implementation

We implemented a new management website for the provision of IT, telecommunications, and access control services.



Furthermore, the new tool provides other functions, such as the customization of the startup page by each user and obtaining customized reports.

Econtact has been developed on the basis of a higher SAP version and it incorporates several improvements that provide an answer to the needs of users of the Single Counter (VU) system. With this evolution, processes are more standardized and uniform for all services, thus simplifying the management of requests.

Visits to Company Operational Sites

During 2013, the ICT Management worked on being closer to its users, carrying out visits to the main sites of the Company, which aimed at dealing with issues related to the service, procedures, and uses of the tools that are within the range of ICT.



In 2013, Service Area & Real Estate Colombia Management consolidated their operations into a new area, integrating the functions of Real Estate, General Services and Facilities, the Administration of Personnel, and the Contractor Labor Management.

The General Services and Facilities management obtained a reduction of 6%, or (\$ 1,057 million), in operating costs for the portfolio of services provided in 2013 when compared costs in 2012.

The quality of service was also improved, with major improvements in the service level indicators and claim services, moving from 91.09% and 69.5% in 2012, to 93.12% and 91.19% respectively in 2013.

In terms of the management of Industrial Safety and Occupational Health, a 1.54 point improvement was obtained for the Accident Frequency Index, moving from 3.9% in 2012 to 2.36% at the close of 2013. In addition, 393 Occupational Risk Indexes (Ipai) were made, 191 safety walks were carried out and *observation sites* were implemented for transport and maintenance services within the One Safety program.

General Services

During 2013, we consolidated the operation of a new Operational Transport plan for CODENSA and we made progress in consolidating the standardization of the service. We increased the level of use of the vehicles of the operating fleet, going from an average of 70% in 2012 to an average of 84% in 2013.

Additionally, we implemented the electrical mobility program in the staff transportation fleet, starting the operation of 15 electrical vehicles acquired by CODENSA for the mobilization of Company employees.

We made progress in the operating fleet control automation process, implementing mechanisms for speed monitoring and trips and drivers control.

For the travel agent service, compliance of the corporate policy for business trips was ensured throughout 2013, achieving a 33% reduction in travel costs with respect to 2012.

In terms of Document Management, progress was made in the Document Retention Tables in 2013 for all areas of the Company, which will be ready in the first quarter of 2014. In addition, the redesign process began for the mail service, which will be implemented during the first quarter of 2014.

Facilities (maintenance and civil construction work)

We started the Data Processing Modernization Center, with the purchase of equipment related to the regulated power system and precision air conditioning.

The most relevant activities in the administrative sites were: The adaptation of the 7th Floor in the Calle 82 site for the consolidation of the *Global Business Services* structure and the incorporation of our new "Videoconference Hall"; in the Calle 93 site, the construction of a cafeteria on the terrace to improve the well-being of the employees; in the Edificio Técnico, the restructuring of the facade; at North Point, the construction of "Ideo and Wellbeing halls".

With regards to operating sites, we carried out the necessary adaptations to start operations at Veraguas (333 m2). We executed perimeter enclosure work in Concordia, Circo, Tunal, San Mateo, Balsillas, and the North West of Bogotá. As part of the support provided to the fire emergency at Concordia substation, we carried out the general restoration of the affected neighboring building (164 m2).

Likewise, maintenance and improvement work was carried out which included the restoration of roofing, walls, flooring, civil works, and the preparation of work sites in order to obtain optimal spaces that meet standards for workplace safety and employee comfort.

Real Estate

We continued with the Property Normalization project. At the close of 2013, we reached the number of 56 normalized properties for a total of 253 cleared properties in legal, tax, and urbanistic issues, among others.

We managed to recover the Waku-Waku land lot, an extension of 8,516 m2. The recovery of this property will allow for providing a solution to the need to consolidate the Company's technical operation into a single site.

Continuing with the development of the "Evolución Infraestructura Canales" project, in 2013, we opened the new Soacha Service Center and executed the works and opening of the Chapinero Service Center. We carried out the architectural design of the following Service Centers: Calle 80, Santa Librada, Kennedy, Chia, La Vega, La Palma, Ubaté, and Mesitas del Colegio. The budgeted executed during 2013 amounted to \$ 2,221 million.

We acquired the property to relocate the Santa Librada Service Center, which will be adapted during 2014; with the same goal we carried out lease-holding operations for the Calle 80 and Kennedy lease centers.

At the close of the year, we carried out sales for non-productive property for \$ 590 million. Company real estate assets were fully identified, clarifying the database with tax and accounting information.



Staff Management

Payroll Process - Social Security and Payroll Tax

During tax year 2013, the indicator for the appropriateness and quality of the payroll process closed at 119%, therefore guaranteeing the efficiency and effectiveness of the payroll settlement process and compliance with legal and conventional labor obligations, and taxes and social security for 1,955 individuals who are active workers and pensioners, totaling \$ 146,000 million.

Definition of Service Levels and Updating Procedures

In 2013, we defined the matrix of authorization levels for activities related to the processes of the Service Area & Real Estate Management and the Human Resources and Organization Management.

Additionally, we updated 21 procedures, which are found in the regulatory system and that define the functions and responsibilities associated with this management in relation to the Human Resources and Organization management.

Staff Master Data Updating

In 2013, active personnel master data was successfully updated (general role), reaching the goal of 91.06% of the total population at the close of December, 2013. This information is a management tool for the application of benefits that the Company grants to its employees.

Employee Portfolio Management

The RH-Global Business Services Division runs, manages, and controls the portfolio in terms of loans of active and retired staff of the Company and the balance as of December 31, 2013, amounted to \$ 39,243 million.

The credit lines established in the Human Resources Management Quality of Life Program include loans for housing, training, vehicles, higher education for children, dental care, calamity, university funds for children, appliances, and loans for vacations. As of December 31, 2013, there are 2,458 active loans.

Health Plans

During 2013, we managed the medical service contract to the families of the active and retired workers, through the Cafesalud Prepaid Medicine firm. The annual cost for the 2013 tax year was \$ 2,653 million, supporting 1,384 beneficiaries.

Staff	No. of People	No. of Beneficiaries
Active	49	144
Retired	698	1,240
Total	747	1,384

This year we managed, the Comprehensive Prepaid Medicine contract through Colsanitas for workers and their family core. The annual cost for the 2013 tax year was \$ 2,056 million, covering 1,303 beneficiaries.

Retired Staff Portfolio Management

As of the close of December 2013, the portfolio indicator of CODENSA former workers due to mortgage credit and other items closed at \$ 966 million, the equivalent of a decrease of \$ 552 million as regards 2012, complying with what was planned in portfolio recovery.

Payment Project Stage II

During 2013, we started stage II of the Payment Project (SAP), the system for Payroll Management. The interdisciplinary team is formed by Systems and Telecommunications Management, the RH - GBS Management and the INDRA Consulting Firm. Within the relevant milestones is the definition of requirements, the appraisal of man-hour cost, and the assignment of functional users.



Shared Pensions and Employer Payouts

During 2013, we managed 59 pension acknowledgments and 6 Employer Payouts with a recovery of \$ 220 million.

Contractor Labor Management

At the close of 2013, the contractor staff payroll recorded 7,200 workers from 146 contracts with 100 companies.

On May 30, the XI Meeting of Partner Companies was held with more than 300 people in attendance among managers from the Company and the partner companies, as well as contract coordinators and managers. Matters of work safety, the commencement of projects geared towards customer service, innovation, and the Data Protection Law that is applicable to all companies were discussed, seeking coordination and alignment in order to reach Company goals.

As regards the training of contractor companies under a partnership with SENA, 125 workers from 6 companies participated in technical and technological training and 262 workers from 15 contractor companies participated in short-term programs, for a total of 68,646 training man-hours.

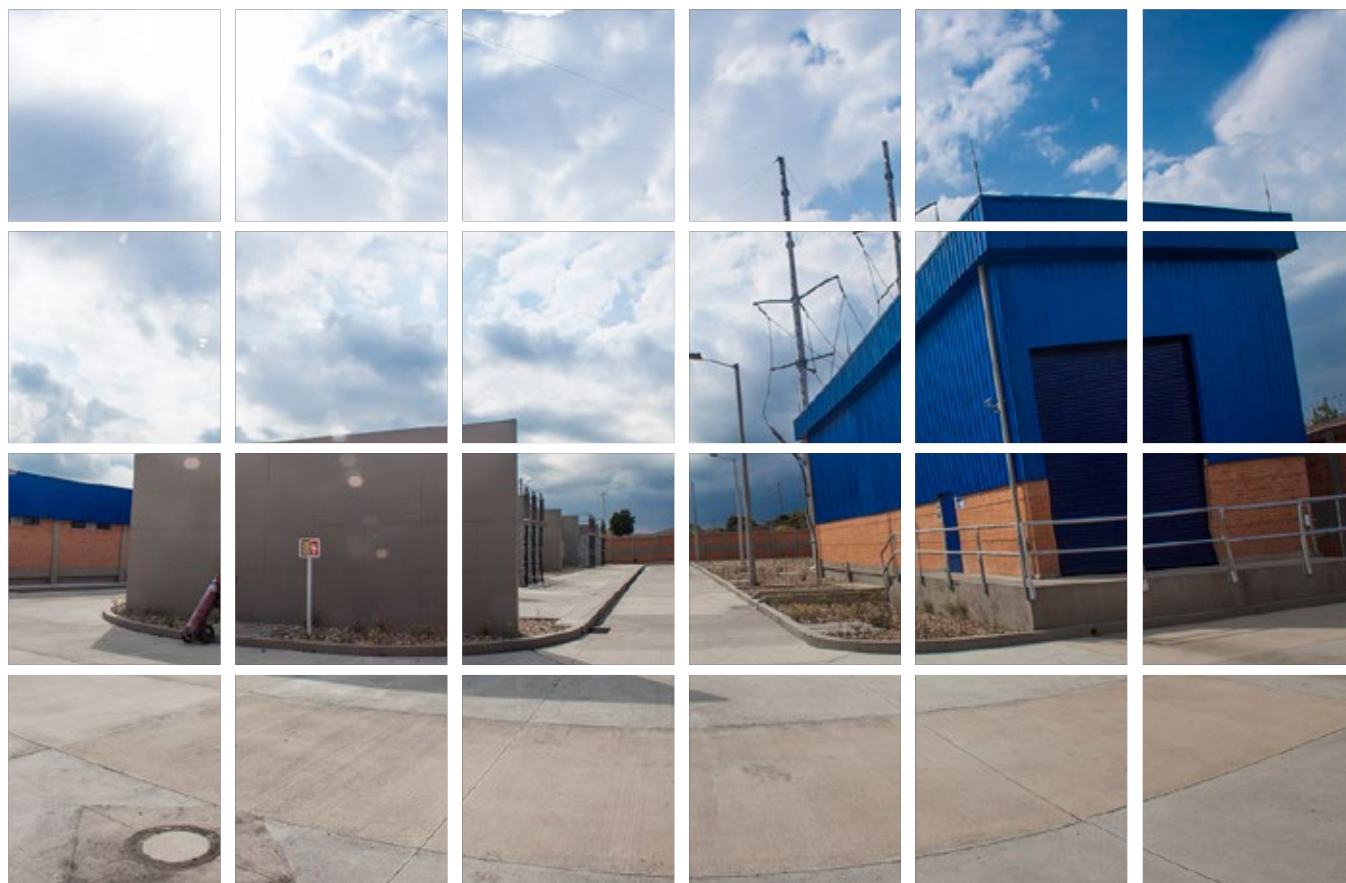
In collaboration with SENA, the Contract Manager Certificate was completed by 32 managers and contract coordinators. The certificate included 14 modules with 120 hours of coursework. 94% of such teachers belong to the Company.

We updated the Manager Manual, directed towards operational contract controllers and managers. Legal risks of the contracting procedure, legal-labor obligations, policies, insurance and guarantees, and internal laws and regulations of Contract Management were the themes addressed. 88 managers and internal contract coordinators participated in this process.

The Bosanova Training Center displayed 245,310 training man-hours at the close of 2013, tripling the amount of 2012, providing coverage to 11,299 people.

41 integrated audits were executed with 164 findings, and the workplace inspections pilot was started with the review of 25 contracts from 10 partner companies.

We assessed the performance of contractors, achieving 96% at the close of 2012 and 91% by the first semester of 2013.



We uploaded the information on all contracts to the SAP Colabora information system. Kick Off was carried out for this system with contractors and internal contract managers in order to begin the training and implementation process in which 37 managers and 71 partner company representatives participated.

During 2013 we carried out the Supplier Value Chain project, designed to optimize the contracting process in the Company, studying the contractor companies and their reality, in order to later diagnose and execute improvement action plans. Phase I of the project is based on the early identification of financial risks in partner companies, with 6 partner companies being classified as high risk. Phase II of the project carried out a diagnosis of the contracting process, using tools of Lean methodology, going through all the stages and delivering a final report in December, which considered 9 goals for improvement and the action plans to be developed in 2014.



The most relevant aspects of the administration of the Business Development Management during 2013 were:

Strategic Planning

In 2013, Business Development Management led the *Long Term Strategic Perspective* corporate project at a national level which aimed to identify long-term strategic growth opportunities in the Colombian electricity market, as well as plans and projects meant to capitalize on subjects of distribution, retail sales, and added-value services.

Energy efficiency

During 2013, the Business Development Management actively participated in the energy efficiency corporate project that aimed at identifying projects focused on the promotion of energy efficiency and provision of energy services from the Group in Colombia.

